DOVERIE – UNITED HOLDING AD
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON
31 December 2020

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Abbreviations used

DPD	Days past due
EAD	Exposure at default
ECL	Expected credit loss
EIR	Expected interest rate
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit or Loss
HTC	Held-to-collect
LGD	Loss given default
PD	Probability of Default
SPPI	Solely Payments of Principal and Interest

1. INFORMATION ABOUT THE ECONOMIC GROUP

Doverie – United Holding AD (parent company) is registered in Sofia City Court under Company File No 13056 of 1996 with seat, registered address and address for correspondence at 5, Lachezar Stanchev Str., building A, floor 7, 1756 Sofia.

Doverie – United Holding AD is public company pursuant to the Public Offering of Securities Act. According to Regulation 26 of BNB the Company refused registration as a financial institution under the Credit Institutions Act.

Pursuant to the Accountancy Act the company is a 'public-interest entity' /§ 1 item 22 lett. c /

1.1. Ownership and Management

As at 31 December 2020 the distribution of the Company's share capital is as follows:

Share capital	***31 December 2020 BGN '000***	***31 December 2019 BGN '000***
(BGN'000)	18,736	18,736
Number of shares (par value 1.00 BGN)	18,736,099	18,736,099
Total number of registered shareholders	146,959	146,952
including legal entities	57	48
individuals	146,902	146,904
Number of shares owned by legal entities	10,308,880	10,256,133
% shareholding of legal entities	*55.02%*	*54.74%*
Number of shares owned by individuals*	8,427,219	8,479,966
% shareholding of individuals	*44.98%*	*45.26%*

*The number of shares held by individuals includes 240 unidentified shares from 1996, which the Central Depository AD manages under an issue account of Doverie – United Holding AD.

Shareholders holding shares more than 5%

	Number of shares	**% of capital**
Sopharma AD	4,679,490	24,98
Telecomplect AD	1,671,294	8,92

Shares from – to	**Number of shareholders**	**% of all shareholders**	**Number of shares owned**	**% of all shares**
1 - 100	144,864	98.57	6,497,686	34.68
101 - 1000	1,859	1.26	382,546	2.04
1001 - 10000	183	0.12	649,204	3.46
10001 - 100000	40	0.03	1,070,208	5.71
100001 - 500000	8	0.01	1,496,645	7.99
500001 - 1000000	3	0.00	2,289,026	12.22
1000001 - 5000000	2	0.00	6,350,784	33.90
Total	**146,959**	**100.00**	**18,736,099**	**100.00**

The company has two-tier management system.

Supervisory Board

Members of the Supervisory Board as at 31 December 2020 are:

Radosvet Krumov Radev –	Chairperson of SB
Ivan Ognyanov Donev –	member
Ventsislav Simeonov Stoev –	member

Management Board

The members of the Management Board as at 31 December 2020 are:

Alexandar Georgiev Hristov –	Executive Director
Anna Ivanova Pavlova –	Chairperson of the MB
Mina Nikolova-Angelova –	member

The company is represented by Alexandar Georgiev Hristov.

The Audit Committee supports the work of the Management Board, it has the role of persons charged with governance who monitor and supervise the internal control system, risk management and financial reporting system of the company.

The Audit Committee has the following composition:

Ivan Dimov –	Chairperson (independent member)
Elena Golemanova –	member (independent member)
Anna Pavlova –	member

as of 31 December 2020 the number of the employees in the economic group is 2,682 (31/12/2019 is 2.664).

1.2. Subject activity

The subject activity of Doverie – United Holding AD is the acquisition, management, evaluation and sale of shares and/or shareholdings in Bulgarian and foreign companies – legal entities, participation in any form in other local and/or foreign trade companies and/or in their management; acquisition, management and sale of bonds; acquisition, evaluation and sale of patents, transfer of licenses for the use of patents of companies in which the holding company participates; performing any other commercial activity which is not prohibited by law.

1.3. Structure of the Economic Group

Doverie-United Holding AD is a holding company. The Company has no registered branches and/or representative offices in the country or abroad.

As at 31 December 2020, the Company exercises direct control and indirect control through other companies in the capital of the following subsidiaries (grouped by economic sector):

Portfolio

Company	Controlled by:	Number of shares/units	% participation
United Health Insurance Fund Doverie AD			**98.15%**
	DUH AD	58,887	98.15%
Occupational Health Doverie EOOD	DUH AD	500	**100.00%**
Insurance Company Medico 21 AD	DUH AD	43,792	**95.20%**
Industrial Holding – Doverie AD			**100%**
	DUH AD	1,366,411	78.68%
	United Health Insurance Fund Doverie AD	150,000	8.64%
	Insurance Company Medico 21 AD	150,000	8.64%
	Homogen AD	70,199	4.04%
Doverie – Capital AD			**100.00%**
	DUH AD	6,170	77.12%
	IHD AD	1,830	22.88%
Doverie – Brico AD			**71.93%**
	Doverie – Capital AD	11,868	71.93%
Multiprofile Hospital for Active Treatment Doverie AD			**100%**
	DUH AD	112,805	7.45%
	IHD AD	1,400,699	92.55%
MC Doverie AD			**100%**
	DUH AD	419,000	99.76%
	IHD AD	1,000	0.24
Outpatient clinic for specialized medical care — medical center Sofia 2000 EOOD	MC Doverie AD	5000	**100.00%**
Maritsatex AD			**54.36%**
Public	IHD AD	254,884	54.36%
Stock exchange code 4MJ			
Vratitsa AD in insolvency			**69.60%**
Public	IHD AD	262,121	69.60%
Bilyana Triko AD	Doverie Capital AD	2,833,809	**98.88%**

Bulgarian wine OOD			**100%**
	IHD AD	91,038	96.16%
	DUH AD	3,639	3.84%
Dunav AD			**81.82%**
	Doverie Capital AD	81,733	81.82%
Hydroizomat AD			**93.34%**
	IHD AD	2,789,536	93.31%
	Homogen AD	820	0.03%
Novoselska Gamza AD			**85.72%**
	Doverie Capital AD	3,131,562	75.64%
	Hydroizomat AD	417,296	10.08%
Homogen AD			**100.00%**
	DUH AD	43,040	89.67%
	IHD AD	4,960	10.33%
Doverie Care EAD	DUH AD	5,000	**100.00%**
Doverie Invest EAD	DUH AD	5,000,000	**100.00%**
Moldindconbank S.A.	Doverie Invest EAD	3,856,722	**77.63%**

The main subject of activity of the companies of the Group is:

ACTIVITIES OF THE FINANCIAL INSTITUTIONS

Moldindconbank S.A. - The Bank may perform the following activities within the license issued by the National Bank of Moldova: Attract deposits and other recoverable resources; granting of loans, including: consumer loans, mortgage loans, factoring with or without appeal, trade finance (including, fixed amounts); financial leasing; provision of payment services in accordance with Act No 114 on payment services and electronic money (Republic of Moldova) of 18 May 2012; issuing and administering travellers' cheques, bills and other payment instruments; issuing bank guarantees and accepting commitments; transactions for its own account or on behalf of customers with any of the following means: money market instruments (cheques, bills, certificates of deposit, etc.) foreign currency; futures and options; foreign currency and interest based instruments; securities and other financial instruments; participation in the issue of securities and other financial instruments and providing services related to these issues; advice to legal entities on the structure of authorized capital, the business strategy and other aspects related to the commercial activity, as well as advice and services related to mergers and acquisitions of legal entities; monetary intermediation (interbank intermediation); portfolio management and advice related to them; safekeeping and administration of financial instruments; loan information services; safe deposit services; issuing of electronic money in accordance with

Act No 114 on payment services and electronic money of 18 May2012; any other financial activity or services, authorized by the National Bank of Moldova subject to the special laws governing the respective activities.
The Bank may provide investment services and activities as well as other additional services as per the license issued by the National Commission for Financial Markets.
The Bank may not perform the following operations: Pledge its own shares on behalf of the Bank; grant loans, secured by shares, other types of securities or bonds issued by the Bank and/or another related party belonging to the Group of the Bank.

HOLDING COMPANIES

Industrial Holding – Doverie AD – a holding company dealing with acquisition, management, evaluation and sale of patents, transfer of licenses for the use of patents of companies, in which the holding company participates, manufacturing, domestic and foreign trade in goods and services, including raw materials, yarns, fabrics and related products, mediation and engineering activities, design and construction, property management, scientific and technical, technological and patent information, investors` and independent construction supervision.
Doverie-Capital AD – a holding company dealing with domestic and foreign trade, trade representation, intermediation and agency services, organization and operation of commercial entities and any other activity.

TRADING IN GOODS OF THE TYPE 'DO IT YOURSELF'

Doverie – Brico AD – construction, operation and management of retail outlets for household goods and repairs. The activity of the company is based on a Partnership Agreement with Mr. Bricolage SA (France), signed in 1999. According to the agreement Doverie – Brico AD has the exclusive right to use the trademark of Mr. Bricolage in the territory of Bulgaria.
The company operates in the following outlets throughout the country: Sofia 1, Plovdiv – two, Sofia 2, Varna, Blagoevgrad, Burgas, Pleven, Ruse and Dobrich.

INSURANCE

United Health Insurance Fund Doverie ZAD – sickness and/or accident insurance.
Insurance Company Medico 21 AD – sickness and/or accident insurance

MEDICAL SERVICES

Doverie Medical Center AD – implementation of specialized outpatient care in accordance with local legislation in force, including diagnostics, treatment, rehabilitation and monitoring of patients; consultations; prevention; laboratory and other tests; conducting medical procedures and treatments; home care and care for the sick; medicines, bandages and medical supplies, examination of temporary disability; monitoring and providing medical care during pregnancy and motherhood; carrying out activities in health promotion and prevention, including preventive medical check-ups and immunizations, issuance of medical care related documents; referring patients for consultation and hospital care.

Multiprofile Hospital for Active Treatment Doverie AD – Hospital care: diagnosis and treatment of diseases when the healing objective can not be achieved in terms of outpatient care; natal care, rehabilitation, diagnostics and consultations requested by a doctor or dentist from other medical establishments; organs, tissues and cells transplantations; collection, storage, supply of blood and blood components; haemovigilance; medical and cosmetic services; clinical trials of drugs and medical equipment in compliance with the local legislation in force, educational and scientific activities.

Outpatient clinic for specialized medical care — medical center Sofia 2000 EOOD – provision of specialized outpatient care

Occupational Health Doverie OOD – occupational health service

CONSTRUCTION MATERIALS AND HOUSING SECTOR

Dunav AD – design, construction, specialized construction services, production of building materials and products, entrepreneurship, comprehensive services with construction machinery and transportation; automotive repair services, domestic and international transport, shipment; training of personnel for the construction sector; domestic and foreign trade; rental and leasing of real estate; purchase, construction and furnishing of real estates for sale; tests and measurements of building materials and flaw detection of welded products.

Hydroizomat AD – production of waterproofing, insulation and other materials; construction, repair and services; purchase, construction and furnishing of immovable property for sale; research and development, know-how, production and marketing of intellectual products; domestic and foreign trade activities.

CLOTHING INDUSTRY

Vratitsa AD in insolvency – Production of yarn, greige fabrics, finished fabrics, sewing products, domestic and foreign trade.

GRAPE AND WINE PRODUCTION

Novoselska Gamza AD – Purchase of grapes and fruit, production of wine, spirits, etc.

Bulgarian wine OOD – Purchase of grapes and fruit, production of wine

DETERGENTS AND HOUSEHOLD CHEMICALS

Doverie Care EAD – transformation registered on 19 January 2018 - production of detergents and other household chemicals.

LEASING OF IMMOVABLE AND MOVABLE ASSETS

Maritsatex AD – A company established and operating until 30 August 2010 as an entity producing textile and related products. On a General Meeting of Shareholders held on 20 July 2010, a resolution was made to cease the textile and all related productions. Pursuant to the above resolution the employment contracts of all employees were terminated except those whose job functions were not directly related to the production process and were needed for operation of the company's assets.

On the grounds of the same resolution of the General Meeting of Shareholders, the activity of the Company is limited to '*Leasing and operation of own immovable property*'.

Bilyana Triko AD – leasing of own immovable property.

OTHER INDUSTRIES

Homogen AD – Trade in goods and services and conducting mediation activities;

Doverie Invest EAD – Acquisition, management, evaluation and disposal of equity interest in Bulgarian and foreign companies, domestic and foreign trade activities, commercial representation and agency activities, organization and operation of commercial enterprises, management and marketing services, consulting, and any other activity not prohibited by law.

1.4. Findings from the independent financial audits conducted in 2019

The separate annual financial statements of the following companies are certified with modifications: Qualified audit opinion: Novoselska Gamza AD, negative audit opinion: Health Fund Zdrave AD.

The separate annual financial statements of the following companies are certified with 'Emphasis of Matter' section: Maritsatex AD, MC Doverie AD, Multiprofile Hospital for Active Treatment Doverie AD.

With a paragraph of material uncertainty for a going concern: Novoselska Gamza AD and Doverie Care EAD.

At the date of the annual consolidated financial statements for the period, ending on 31 December 2020 the companies in the Group are being audited. Up-to-date findings for 2020 will be published in the annual consolidated statement as at 31 December 2020.

Associated companies

As at 31/12/2020, Doverie-United Holding AD has significant influence, direct and/or indirect participation through subsidiaries in the capital of the following companies:

Associated company	*Holding in the group*	*% participation*
Doverie-Style OOD	Industrial Holding Doverie AD	48.00%
Andema AD	Doverie-United Holding AD	25.00%

The investment in Doverie-Style OOD and Andema AD is fully impaired and the date for the first item is 31 December 2010 and for second 31 December 2004.

1.5. Main indicators of the economic environment

The main indicators of the economic environment in the Republic of Bulgaria which influence the Group's activity for the period 2020–2018 are presented in the table below:

Indicator	**2020**	**2019**	**2018**
GDP in mln BGN*	118,605	118,669	107,027
Actual growth of GDP*	-3.8%	3.1%	3.2%
Inflation at the end of the year	1.7%	3.1%	2.8%
Average exchange rate of US dollar for the year	1.71632	1.74703	1.65727
Exchange rate of US dollar at the end of the period	1.59386	1.74099	1.70815
Basic interest rate at the end of the period	0.00%	0.00%	0.00%
Unemployment rate (at the end of the year)	5.1%	4.1%	4.7%

- NSI — Recent publications 09 March 2021
- BNB – 31 December 2020
- **GDP — preliminary published data is for 4th quarter 09 March 2021*

The main indicators of the economic environment in the Republic of Moldova which influence the Group's activity for 2020–2019 are presented in the table below:

Republic of Moldova

Indicator	**2020**	**2019**
Unemployment rate at the end of the period	4.2%	4%
GDP in mln. dollars**		12,037
Actual growth of GDP*	-	6.6%
Inflation at the end of the year	0.39%	7.5%
Average exchange rate of US dollar for the year	17,3201	17,5751
Exchange rate of US dollar at the end of the period	17,2146	17,2093
Basic interest rate at the end of the period	2.65%	5.5%

National bank of Moldova
Statistical Institute of Moldova
IMF
* No published data
** No published data

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE ECONOMIC GROUP

2.1. Grounds for preparation of financial statements

The annual consolidated financial statements of the Group are prepared in compliance with all International Financial Reporting Standard (IFRS), comprising of: Financial Reporting Standards and International Financial Reporting Interpretations (IFRS) adopted by the International Accounting Standards Board (IASB) and International Accounting Standards and the Standing Interpretations Committee (SIC) interpretations approved by the International Accounting Standards Committee (IASC), which are effective from 01 January 2020 and which were adopted by the Commission of the European Union.

IFRS adopted by the EU is the common name of the general purpose – accounting framework equivalent to the framework introduced by the definition under § 1, item 8 of the Additional Provisions of the Accountancy Act under the name International Accounting Standards (IAS).

New standards, amendments and explanations to IFRS, in effect since 1 January 2020.

For the current financial year the Group has adopted all new and/or revised standards and interpretations, published by the International Accounting Standards Board (IASB) and by the IFRS Interpretation Committee respectively, relevant to its activity of each of the constituent companies.

- **Determination of Materiality – Amendments to IAS 1 and IAS 8 – effective 1 January 2020**

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors using consistently the definition of materiality in the International Financial Reporting Standards and in the Conceptual framework for Financial Reporting by clarifying when the information is essential and includes some of the guidance in IAS 1 on non-essential information. In particular the amendments clarify:

- that the reference to unclear information addresses situations where the effect is similar to the omission or the erroneous presentation of this information and that the entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' targeted by those financial statements, defining them as 'existing and potential investors, lenders and other creditors' who have to rely on the general purpose financial statements for much of the financial information they need.

- **Definition of business – Amendments to IFRS 3 – effective 1 January 2020**

The amended definition of business requires that the acquisition includes resources used and a material process, that taken together considerably contribute the ability to create results. The definition of the term 'results' is amended to focus on goods and services provided to customers, generating investment income and other income and excludes the return in the form of lower costs and other economic benefits. The amendments will probably lead to more acquisitions that are recorded as asset acquisitions.

- **Reference Rate Reform - amendments to IFRS 7, IFRS 9 and IAS 39- effective 1 January 2020.**

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments': Recognition and Measurement provide certain reliefs in relation to the reform of the reference rates. The reliefs refer to the reporting of hedging and lead to the effect that the modifications required as a direct consequences from the reference rate reform and that are made on an economically equivalent basis do not result in discontinuation of the accounting of hedging. Nevertheless, any inefficiency of hedging must continue being reported in the income statement. Bearing in mind the

comprehensive nature of hedging, which includes IBOR based contracts, the reliefs will affect enterprises in all industries.

- **Amendments to the conceptual framework for Financial Reporting – effective 1 January 2020**

IASB has issued a revised conceptual framework that will be used for decisions on setting standards with immediate effect. The main changes include:

• increase of the significance of the management in the purpose of financial reporting

• recovery of caution as a component of neutrality

• definition of a reporting entity, which can be a legal entity or part of an entity

• revising the asset and liability definition

• removing the threshold of probable recognition and adding guidance on derecognition

• adding guidance for a different measurement base and

• indicating that profit or loss is the main performance measurement indicator and that in general revenue and expense in other comprehensive income should be revised when this increases the relevance or fair presentation of financial statements.

There are no changes to be made in any of the current accounting standards. Entities that rely on the framework in determining their accounting policies for transactions, events or conditions that otherwise are not dealt with in accordance with accounting standards will have to implement the revised Framework from 1 January 2020. These entities should consider whether their accounting policies are still appropriate under the revised framework.

- **Rent discounts in the context of Covid-19 – Amendments to IFRS 16 – effective 1 June 2020**

Rent discounts have been granted to lessees as a result from the COVID-19 pandemic. Such discounts can be in various forms, including suspension of payments for a certain period and deferral of lease payments. In May 2020, IASB amended IFRS 16 Leases, which enables the lessees to treat the defined rent discounts the same way they would have if they had not been lease modifications. In many cases this will result in reporting of the discounts as variable lease payments in the period, in which they are granted.

The enterprises implementing in practice this expedient measure are required to disclose this facts, whether or not it was applied to all identified rent discounts or, otherwise, information for the nature of the contracts, to which it was applied, as well as the amount recognised in profit or loss ensuing from the rent discounts.

Standards and interpretations issued by IASB which have not yet entered into force

At the date of preparation of these financial statements the following standards and amendments to existing standards and interpretations are issued by the International Accounting Standards Board (IASB) but are not yet effective for annual periods beginning on 01 January 2020, which have not been adopted for earlier application by the Group.

- **IFRS 17 Insurance Contracts - effective date: initially on 1 January 2021, but extended until 1 January 2023 by IASB in March 2020.**

  IFRS 17 was issued on May 2017 as a substitute of IFRS 4 Insurance Contracts. It requires an on-going measurement model, in which the measurements are re-measured for each reporting period. Contracts are measured by using the constituent elements of:
  • discounted probability-weighted cash flows
  • explicit risk adjustment and
  • contractual service margin (CSM), representing the profit from the contract not made, which is recognised as revenue for the period of cover.
  The standard allows choice between recognition of the changes in the discount rates or in the profit and loss account, or directly in other comprehensive income. The choice will probably show how insurers report their assets in accordance with IFRS 9.
  An additional, simplified approach for premium distribution is authorised for the obligation for remaining cover under short-term contracts, which are frequently written out by life insurers.
  There is a modification of the general measurement model referred to as a 'variable fee approach' for certain contracts entered into by life insurers, in which the policy holders participate in the return from base elements. When the variable fee approach is applied, the share of the enterprise in the changes in the fair value of base positions is included in the CSM. Hence, the results from insurers using this model will probably be less variable than in the general model.
  The new rules will affect the financial statements and the key efficiency indicators of all entities that enter into insurance contracts of investment contracts with discretionary participation features.

- **Classification of liabilities as current or non-current – Amendments to IAS 1 – effective date: 1 January 2022 [possible postponed for 1 January 2023]**

The amendments in this narrow range of IAS 1 Presentation of Financial Statements make clear that liabilities are classified as current or non-current depending on the rights that exist in the end of the reporting period. The classification is not affected by the entity's expectations or the post-reporting data events (e.g. proceeds

from fluctuations or breach of the agreement). Furthermore, the amendments make clear what IAS 1 means when referring to 'settlement' of liability.

The amendments may affect the classification of liabilities, in particular of enterprise that used to take into account the intentions of the management when determining the classification, as well as for certain liabilities that might be converted into equity.

They must apply retroactively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, IASB published a draft exposure offering to postpone the effective date of the amendments to 1 January 2023.

- **Property, plant and equipment: Proceeds before the intended use – Amendments to IAS 16 – effective date: 01 January 2022**

The amendment to IAS 16 Property, Plant and Equipment (PPE) prohibits the enterprise to deduct from the prime cost of a PPE asset any receipts received from sale of produced articles, while the enterprise prepare the asset for the its intended use. It also clarifies that the enterprise 'tests whether the asset functions properly', when it measures the technical and physical asset characteristics. The financial presentation of the asset is irrelevant to this measurement.

Enterprises must disclose separately the revenue and cost amounts related to the produced articles, which do not result from the enterprise's usual activities.

- **Reference to the Conceptual Framework – Amendments to IFRS 3 – effective date: 01 January 2022**

Minor amendments were made to IFRS 3 Business Combinations, in order to update the references to the Conceptual Framework for Financial Reporting and и to add an exception for recognition of obligations and provisional obligations in the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments further confirm that provisional assets must not be recognised as at the acquisition date.

- **Encumbering contracts – Costs for performance of the contract Amendments to IAS 37 – effective date: 01 January 2022**

The amendment to IAS 37 clarifies that direct costs for the performance of a contract include both additional costs for performance of the contract, as well as distribution of other costs that are directly related to the per-

formance of the contracts. Prior to recognising a separate provision as an encumbering contract, the enterprise recognises every impairment loss that occurred as a result from assets used in the contract performance.

- **Annual improvements of the IFRS standards 2018–2020 – effective date: 1 January 2022**

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees must be included in the 10% test for write-off of financial liabilities.
- IFRS 16 Lease – change in illustrative example 13 in order to remove the illustration of payments by the lessor related to improvements to the lease rights in order to eliminate any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows enterprises that have measured their assets and liabilities at book carrying amounts in the accounting registers of their parent companies to also measure all recalculation differences by using the amounts reported by the parent company. This amendment will apply also to associates and joint ventures that have undertaken the same disposition under IFRS 1.
- IAS 41 Agriculture removal of the requirement to enterprise to exclude cash flows for taxation upon measurement of the fair value under IAS 41. This amendment is intended to be set in conformity with the requirement of the standard for cash-flow discounting on an after-tax basis.

- **Assets sold or deposited between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28**

The IASB has made amendments to the scope of IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment of the sales or the contribution of assets between an investor and its associated or joint enterprises. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or join venture are ‘business’ (as defined in IFRS 3 Business combinations). Provided that the non-monetary assets constitute business, the investor shall recognize the full profit or loss from sale or contribution of assets. If the assets do not comply with the business definition, the profit or loss is recognized by the investor only to the extent of the interests of the other investor in the associate or joint venture. The amendments apply prospectively.

In December 2015 the IASB decided to postpone the date of application of this amendment until the time when the IASB ends up its research project under the equity method.

As at the date of adoption and approval of these financial statements, IASB publishes several new but still not effective standards and amendments to effective standards and interpretations. None of these standards or amendments to existing standards has been adopted earlier by the Group.

The presentation of financial statements in accordance with the International Financial Reporting Standards requires the management to make the best estimates, accruals and reasonable assumptions that have an effect on the reported amounts of assets and liabilities, revenue and expense, and the disclosure of contingent receivables and contingent liabilities at the end of the reporting period. These estimates, accruals and assumptions are based on the information available at the end of the reporting period, so the future factual results could be different from them. Objects that imply a higher degree of subjective judgement or complexity of calculations, or where assumptions and accounting estimates are material to the financial statements, are disclosed in Note 2.25.

2.2. Consolidated Financial Statements

The economic Group prepares its ANNUAL consolidated financial statements for the period ended 31 December 2020, which includes the annual audited separate financial statements of subsidiaries and associates, pursuant to Note 1.3.

The consolidated financial statements does not include the following subsidiaries:

Vratitsa AD – opening of insolvency proceedings, loss of control;

The consolidated financial statements does not include the following associated companies:
Doverie-Style OOD, Sofia – permanent limitations;
Andema AD, Sofia – permanent limitations;

2.2.1. Consolidation policy

Consolidated financial statements of the parent company and all the subsidiaries at 31 December 2020 are consolidated in the financial statements of the Group, with the exception of those described in 2.2. Subsidiaries are all enterprises under the control of the parent company. Control exists when the parent

company is exposed to or has rights over the variable return of the investee and may influence this return by its power over the investee.

All subsidiaries prepare their financial statements for a reporting period, ending at 31 December 2020.

Profit or loss and other comprehensive income of subsidiaries, acquired or disposed of during the year, are recognized from the date of acquisition or up to the date of their disposal respectively.

Uncontrolled participation as part of the equity represents the share of profit or loss and the net assets of the subsidiary, which do not belong to the Group. The total comprehensive income or loss of the subsidiary are attributed to the owners of the parent company and the non-controlling interests, based on their relative share in the equity of the subsidiary.

If the Group loses control over the subsidiary, any investment retained in this entity is recognized at fair value at the date of loss of control and the change in the carrying value is recognized in profit or loss. The fair value of any investment retained in the former subsidiary at the date of loss of control shall be regarded as the fair value on initial recognition of a financial asset. In addition, all amounts recognized in other comprehensive income in relation to that subsidiary are reported on the same basis as if the Group has directly disposed of the related assets or liabilities (e.g. Reclassified in profit or loss or directly attributable to retained earnings in accordance with the relevant IFRS).

The gain or loss on disposal of investment in a subsidiary is the difference between the sum of the fair value of the consideration received and the fair value of any retained investment in the former subsidiary and the carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interest.

The Group applies the following consolidation procedures in preparing the consolidated financial statements:

- Uniform interpretation of the content of each account in order to uniquely determine the composition of elements of financial statements of companies and the Group as a whole. For this purpose, individual internal chart of accounts and compliance rules in assigning accounts to the items of the statement of financial position are adopted, as well as the communication between the individual encrypted fields from various reports that are mandatory to apply by each company in economic group ‘Doverie’;
- Elimination of reciprocal, opposing elements in presenting information for the intra-group relationships. This presentation is done in the form of separate reports – tables, according to notes. Reports – tables are completed in parallel by the counterparts in the relevant transaction and are signed by the chief accountants of the companies, which is an acknowledgement of estimates and/or turnover on the respective accounts;
- Presentation of the participation of minority partners – minority interest in net worth and financial results for the previous and current period;
- Financial statements are prepared at the same date;

- Adoption of the annual financial statements of the subsidiaries: - verification of the currency, on which basis the financial statements are prepared and restated; – verification of the date of preparation and eventual adjustment as per the consolidation policy; – verification of the accounting policy used to prepare the financial statements and eventual adjustment; – the annual financial statements of the subsidiaries are subject to an independent financial audit; preparing a simple aggregate statements – line by line.
- Elimination of opposing elements: capital; financial; trade; calculation of goodwill as at the date of acquisition.
- The full consolidation method is applied with regard to subsidiaries. The statements are consolidated line by line, whereas the items such as assets, liabilities, property, revenue and expenses, are summed.
- Associated entities are presented as net assets in one line and the respective share for the Group. For the consolidated financial statements, the value of investments in these companies are restated at the equity method. The financial result is presented as a share for the Group and others.

2.2.2. Business combinations

Business combinations are accounted by using the purchase method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values at the date of acquisition of the assets transferred by the acquirer, the obligations assumed by the acquirer to former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of assets or liabilities resulting from contingent considerations. Acquisition costs are recognized through profit or loss when incurred.

The purchase method includes the recognition of the identifiable assets and liabilities of the acquired entity, including contingent liabilities, irrespective of whether they have been recognized in the financial statements of the acquiree before the business combination. Upon initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair value, which serve as the basis for subsequent evaluation in accordance with the accounting policies of the Group.

For each business combination, the Group measures any non-controlling interest in the acquiree, which represents a share of its equity and entitle the liquidation quota, either at fair value or by proportionate share of the non-controlling interest in net identifiable assets of the acquiree. Other types of non-controlling interest are measured at fair value or, if applicable, on the basis specified in another IFRS.

Goodwill is recognized after defining all identifiable intangible assets. It represents the excess of the sum of the fair value of the consideration transferred at the acquisition date and the amount of any non-controlling interest in the acquiree, and in a business combination achieved in stages, the fair value at the date

of acquisition of the previously held equity interest of the Group in the acquiree over the fair value of identifiable net assets of the acquiree at the acquisition date. Any excess of the fair value of the identifiable net assets over the sum calculated above is recognized in profit or loss immediately after the acquisition.

In a business combination, achieved in stages, the Group remeasures its previously held equity interest in the acquiree at fair value at the acquisition date (i.e. the date of acquisition of control) and recognizes the resulting gain or loss, if any, in profit or loss. The amounts, recognized in other comprehensive income from equity interest in the acquiree prior to the acquisition of control, are recognized on the same basis as if the Group has disposed directly of the previously held equity interest.

If the initial accounting for a business combination has not been completed by the end of the reporting period, in which the combination occurs, the Group reports provisional amounts for the items, for which the accounting has not been completed. During the measurement period, which may not exceed one year from the acquisition date, the Group adjusts retroactively these provisional amounts or recognizes additional assets or liabilities to reflect the new information obtained about the facts and circumstances that have existed at the acquisition date and, if known, would have affected the measurement of the amounts, recognized at that date.

Any contingent consideration, payable by the acquirer, is recognized at fair value at the acquisition date and is included as part of the consideration transferred in exchange for the acquiree. Subsequent changes in fair value of contingent consideration that is classified as an asset or liability is recognized either in profit or in loss, or as a change in other comprehensive income. If the contingent consideration is classified as equity, it is not revalued until its final settlement in equity.

Upon commitment with a sale plan, involving loss of control over a subsidiary, the Group classifies all consolidated assets and liabilities of that subsidiary as held for sale, irrespective of whether it will hold non-controlling interest in its former subsidiary after the sale. Assets (and disposal groups) classified as held for sale are presented in the consolidated statement of financial position separately and are measured at the lower of their carrying value (initially, at cost of acquisition) and their fair value less direct expected sale costs (net selling price). Any impairment loss is allocated between the assets of a disposal group.

2.3. Comparative data

Group presents comparative data in these financial statements for the end of the current period and the end of the previous period.

When necessary, comparative data is reclassified in order to achieve comparability with changes in performance in the current year.

2.4. Functional currency and recognition of exchange differences

The functional and reporting currency of the financial statements of the Group is the Bulgarian lev. Since 1 July 1997, the Bulgarian lev has been fixed in accordance with the BNB Act to the German mark in ratio of BGN 1: DEM 1, and by the introduction of EUR as the official currency of the European Union – to the euro in ratio BGN 1.95583: EUR 1. These financial statements are presented in Bulgarian lev (BGN) rounded to the nearest thousand.

Upon initial recognition, a foreign currency transaction is recorded in the functional currency by applying to the amount in foreign currency the exchange rate at the time of the transaction or transaction. Cash, receivables and liabilities, such as monetary reporting items, denominated in a foreign currency, are reported in the functional currency using the exchange rate published by BNB for the last working day of the relevant month. At 31 December 2020 they are measured in Bulgarian lev at the closing exchange rate of BNB.

The functional currency of Moldindconbank S.A. is Moldovan leu (MDL).

For the purposes of presentation in the consolidated financial statements, assets, liabilities, revenue and expenses of the subsidiary are translated into the presentation currency as described below. Exchange differences arising from these adjustments are recognized as reserves from currency adjustments of the financial statements of foreign subsidiaries.

Revenue and expenses of Moldindconbank S.A. are translated into BGN at an average rate close to the exchange rate on the date of the transactions. Assets and liabilities are translated into BGN at the exchange rate at the end of the reporting period. The exchange rate of the Moldovan leu to the Bulgarian lev is determined using the exchange rate Moldovan leu to Bulgarian lev determined by the National Bank of Moldova as follows: For the translation of all assets and liabilities of Moldindconbank S.A. from Moldovan leu to Bulgarian lev the effective currency rate on 31 December 2020 has been used. – MDL 10,8023: BGN 1; for the translation of all revenues and expenses from Moldovan leu to Bulgarian lev, the average exchange rate for the period 01 January 2020 – 31 December 2020 has been used – MDL 10,0952: BGN 1;

Non-monetary items in the statement of financial position initially denominated in a foreign currency are reported in the functional currency using the historical exchange rate at the date of the transaction and are not subsequently revalued at the closing rate.

The effects of exchange differences related to the settlement of foreign currency transactions or the reporting of foreign currency transactions at rates different from those for which they were initially recognized are included in the statement of comprehensive income at the time of their occurrence and they are treated as ‘financial revenue/expenses’.

2.5. Revenue

A Revenue from contracts with customers.

Recognition and measurement of revenue from contracts with customers

Revenue is recognized when (or as) the performance obligation is satisfied as per the terms and conditions of the contract, and the promised goods or services are transferred to the customer. An asset (product or service) is transferred when (or as) the customer obtains control over that asset.

Any promise to transfer goods and/or services that are identifiable (in their own right and in the context of the contract) is reported as one performance obligation.

Contracts with customers typically include a single performance obligation.

Upon initial assessment of the contracts with customers, the Group makes an assessment of whether two or more contracts must be considered in combination and reported as one, and whether the promised goods and/or services in each individual and/or combined contract must be considered as one and/or more performance obligations.

Overall the Group has concluded that it acts as a principal in its arrangements for revenue, because it usually controls the goods or services before they are transferred to the customer.

Disclosures for significant accounting judgements, estimates and assumptions, related to revenue from contracts with customers are provided in Note 2.25.

Measurement

The transaction price is the amount of the consideration to which each Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding the amounts collected on behalf of third parties (e.g. value added tax). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

When (or as) the performance obligations is satisfied, each company recognizes the value of the transaction price as revenue (which excludes estimates of variable consideration, containing limitations), which is assigned to this performance obligation.

The Group considers whether there are other commitments in the contract that are separate performance obligations for which part of the transaction price should be allocated.

When determining the transaction price, the impact of variable consideration is taken into account, the existence of significant components of funding, non-monetary consideration and consideration owed to the client (if any).

Performance obligations and approach to recognition of basic revenue under contracts with customers

The Group recognizes revenue when the performance obligation is satisfied as per the terms and conditions of the contract, and the promised goods or services are transferred to the customer. An asset (product or service) is transferred when the customer obtains control over that asset.

The table below provides information on the nature and timing of the fulfilment of the performance obligations in contracts with customers, including major payment terms and related policies for revenue recognition:

Revenue from contracts with customers are recognized as indicated in the following table by activities and sectors of the economic group:

No	**Revenue**	**Approach to recognition of revenue**
1	Revenue from sale of products and goods and other short-term assets	Revenue from sale of products and goods and other current assets are recognized at the time of the transfer of the control over the assets being sold. Revenue from sales is recognized by the method, which recognizes assets 'at a specific point in time' according to IFRS 15, when the control over the goods is transferred to the client. This is usually done by the transfer and physical control over them by the customer when the buyer has accepted the assets in accordance with the sale contract
2	Revenue from medical services	Revenue from sales of medical services is recognized by the method accounting performance obligations satisfied over time according to IFRS 15.
4	Revenue from services	Revenue from provided services is recognized in the reporting period in which the services are provided. The Group transfers control of the services over time and, therefore, satisfies a performance obligation and recognises revenue over time. If, at the end of the reporting period, the service under the contract is not fully realized, revenue is recognized on the basis of the actual service provided by the end of the reporting period as a proportion of the total services to be provided since the client receives and consumes the benefits simultaneously. This is determined based on actual time invested for the work done versus the total estimated time to perform the service. The customer pays the services provided on the basis of the terms set out in individual contracts. If the services, provided by the Group exceed the payment, an asset is recognized under the contract. If payments exceed the services provided, a liability under the contract is recognized.
5	Revenue from construction	During the construction of residential complexes with multiple apartments the entity recognizes revenue using the method that takes into account the products 'at a specific point in time' according to IFRS 15, when the control over the goods or products are transferred to the customer. This usually happens with the transfer of

		goods or products and the physical control over them by the customer (transfer of ownership over constructed building/object). For certain contracts for construction services, construction of facilities and other, upon entry into force of the contract, the Group recognizes revenue using the method 'performance obligation satisfied over time'.

Contractual balances

Trade receivables and contract assets

The receivable represents the right of the Group to receive consideration in a certain amount, which is unconditional (i.e. a certain period of time has to expire before the consideration falls due).

The contract asset is the Group's right to receive consideration in exchange for goods or services, which it has transferred to the customer, but is not unconditional (accrual of a receivable). If by transferring goods and/or services the Group fulfils its obligation before the customer pays the appropriate consideration and/or before the payment becomes due, a contract asset is recognized for the consideration earned (which is conditional). Recognized contract assets are reclassified as a trade receivable when the right to remuneration becomes unconditional.

Contract liabilities

As a contract liability, the Group presents the payments received by the customer and/or the unconditional right to receive payment before it has fulfilled its performance obligation. Contract liabilities are recognized as revenue when (or as) the performance obligation has been fulfilled.

Please refer to the accounting policies for financial assets set out in Note 2.9.1 Financial Assets.

B. Other revenue / income

Other income is revenue or income, which are recognized by virtue of other standards and are outside the scope of IFRS 15.

The table below provides information on major payment terms and related policies for revenue recognition:

No		**Approach to recognition of revenue**
1	Revenue from sale of property, plant and equipment and intangible assets	The gain or loss arising on derecognition of property, plant and equipment or an intangible asset as a result of sale are included in profit or loss when the asset is written-off. The asset is written-off at the time of the transfer of the control over the asset being sold.
2	Premiums on insurance contracts	Written premium revenue is recognized in the period in which the insurance contract is signed and is recorded as gross premium revenue in the amount of the premium over the entire applicable insurance period. The insurance period is a period, for which the size of the insurance premium is determined, which usually is not less than one year.

3	Revenue from leases	The lease income from lease contracts is recognized pursuant to IFRS 16. Revenue related to short-term lease contracts and lease contacts, the main asset under which has a low value, is recognized as income on a straight-line basis over the lease term unless the management of the Group decides that another systematic basis is more representative of the time pattern in which use the benefit derived from the leased asset is diminished.
4	Dividends	Dividend revenue is recognized on the date on which the Group's right to receive payment is established based on a resolution of the General Meeting of Group Shareholders of the investee.
5	Surplus assets	Revenue from surplus assets is recognized at the time of establishing the surplus.
6	Revenue from financing	When the grant (funding) is associated with a cost item, it is recognized as revenue for the periods necessary to match it on a systematic basis to the costs that it is intended to compensate. When the grant (funding) is associated with an asset, it is presented as future-period revenue and is included in the revenue in the period of the useful life of the related asset.
7	Sanctions and penalties	Revenue from fines and penalties is recognized after establishing the right to receive them under a contract or through a lawsuit. The penalty ensures the performance of the obligation and serves as compensation for damages caused by the non-performance without the need to prove them where the recognition of revenue from penalties is recognized when there has been a legal breach of certain contractual conditions.
8	Default rate	In order to have a legal interest the debtor must be in arrears and the legislator must require a counter obligation in cash. Penalty interest is a form of contractual responsibility specific to monetary obligations. Revenue from penalty interest is recognized when the right of the company to receive payment is established. The interest income for financial assets with a credit impairment is recognized on the net impaired amount of the receivable.
9	Revenue from debt write-off	Revenue from debt write-off is recognized upon expiration of the limitation period, declaring the respective counter party in liquidation or based on other reasons.
10	Interests	Interest revenue is calculated by applying the effective interest rate to the book value of financial assets, except for financial assets that are subsequently impaired. For impaired financial assets, the effective interest rate is applied to the carrying amount of financial assets (net of accumulated impairment).
11	Fee and commission revenue	Fees and commissions are recognized on an accrual basis when the service is provided. Commitment fees for loans that are likely to be drawn down are

		deferred (together with the associated direct costs) and recognized as an adjustment to the effective interest rate on the loan. Commissions and fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement for acquisition of shares or other securities, or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Fees for portfolio management and other management consulting services are recognized based on the applicable service contracts in proportion to the period.

2.6. Costs

Costs within the group are recognized at the time of occurrence thereof and on accrual and comparability basis.

Financial costs consist of interest costs on loans and financial leases, obligation loan charges, bank charges and other direct costs on loans and bank guarantees.

Accrued interest on treasury bills are calculated for the period between the date of acquisition and the date of preparation of financial statements in applying different interest rates for each issue. Interest costs include calculated interest rates related to received deposits, current accounts, Loro accounts, loans and interest on other bonds.

Deferred costs (prepaid expenses) are deferred for recognition as current expense over the period in which the contracts to which they relate are being performed.

Costs of insurance contracts cover all payments in relation with the insurance business. They are specific and depend on the size, nature and scope of insurance. Unlike manufacturing industries the amount required to cover obligations to policyholders during a specific period is not known. Therefore the main cost to insurance companies related to indemnity payments are determined after assessing the events that have occurred. In particular, the costs relate to:

- payment of incurred claims of the insured and health establishments (recognized in the period they occur).
- acquisition costs – these costs include commissions, agency and brokerage commissions as well as costs for advertising.
- ongoing administrative costs of the insurance company for organization and management of its operations.

For the needs of the insurance company, costs can be grouped by a variety of features:

1. Depending on their allocation to the appropriate insurance

- Direct – may be attributed directly to the specific insurance at the time of their occurrence – payment to medical establishments and insured persons for insured events that have occurred, acquisition costs / commissions to insurance intermediaries etc.

- General /indirect/ – can not be attributed directly to the specific insurance at the time of their occurrence and that is why they are allocated between the health services packages in percentage terms. Such are the costs for organization and management, by type of costs.

2. Depending on the nature of participation in insurance:

- Organizational – costs related to the foundation, organization and expansion of the business operations; they are associated with registration, re-registration and expansion, with the establishment of new branches, and new types of insurance;
- Administrative costs – all costs related to the management of the operations.

2.7. Investment in subsidiaries

Long-term investments, representing shares in subsidiaries are presented in the financial statements at cost, which is the fair value of the consideration that has been paid, incl. direct costs for the acquisition of the investment, less accumulated impairment.

The Group investments in subsidiaries are reviewed for impairment. When impairment conditions are established, it is recognized in the statement of comprehensive income (in profit or loss for the year).

In the case of purchase and sale of investments in associates, 'trading date' is applied (date of execution of the transaction).

Investments are derecognized when the rights deriving from them are transferred to other persons when the legal grounds for doing so arise, thereby losing control over the economic benefits of the relevant specific type of investment. Profit / (loss) from their sale is presented to 'financial revenue' or 'financial expenses' respectively in the statement of comprehensive income (profit or loss).

In this report, investments in subsidiaries have been eliminated, with the exception of those listed in Note 2.2.

2.8. Investment in associates

Investments in stocks and shares in companies in which the Doverie – United Holding AD and/or its subsidiaries have significant influence are classified as investments in associates.

Significant influence is the right to participate in decision-making related to the financial and operating policy of the investee, but it is not a control or joint control over that policy.

Long-term investments, representing stocks and shares in associates are presented in the financial statements under the equity method.

Any subsequent changes in the size of the Group's interest in the equity of the associate is recognized in the carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are recognized in the consolidated statement of profit or loss in 'Share of profit in associates and jointly

controlled entities'. These changes include subsequent depreciation or impairment of the fair value at the acquisition of assets and liabilities of the associate.

Changes in other comprehensive income of the associate, as well as items recognized directly in the equity of the associate are recognized respectively in other comprehensive income or in the equity of the Group. In cases where the Group's share in the realized losses of the associate exceeds its participation in the associate, including any unsecured receivables, the Group does not recognize its share in the further losses of the associate unless the Group has incurred legal or actual obligations or has made payments on behalf of the associate. If the associate subsequently reports profits, the Group recognizes its share in so far as the share of profits exceeds the accumulated share of losses that were not previously recognized.

The long-term investments in associates owned by the Group are reviewed for impairment at each date of the statement of financial position. When the conditions for impairment are determined and its amount is determined, it is reflected in the statement of comprehensive income.

In the case of purchase and sale of investments in associates, 'trading date' is applied (date of execution of the transaction). Investments in associates are derecognised when the legal basis for that occurs.

2.9. Financial instruments

A financial instrument is any contract that generates a financial asset in an enterprise and a financial liability or equity instrument in another enterprise.

2.9.1. Financial assets

Initial recognition and measurement

The Group initially recognizes a financial asset at the time it becomes a party to a contractual agreement and classifies it according to the business model for management of financial assets and the characteristics of contractual cash flows.

The business model of the Group for management of financial asset refers to the way in which it manages its financial assets so as to generate cash flows. The business model determines whether the cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial asset and the business model of the Group for their management. Except for commercial receivables that do not have a significant component of finance or for which the Group has applied a materially feasible measure, the Group initially assesses the financial asset at fair value plus transaction costs, in the case of financial assets that are not carried at fair value through profit or loss. Commercial receivables that do not have a significant component of finance and for which the Group has applied a materially feasible measure are measured at the transaction price determined in accordance with IFRS 15. Please, refer to the accounting policy in Note 2.5 Revenue from contracts with customers.

In order to be classified and measured at amortized cost of acquisition or at fair value in Other comprehensive income, the financial asset is required to generate cash flows that represent 'only payments on the principal and the interest' on the outstanding amount of the principal. This evaluation is called the 'only payments on the principle and the interest test' and is performed at the level of the instrument concerned.

The business model of the Group for management of financial asset refers to the way in which each company manages its financial assets so as to generate cash flows. The business model determines whether the cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date (transaction), i.e., the date on which the Group commits to purchase or sell the asset.

Where current cash inflows are not generated and the Group owns the assets, which sale is the sole source of repayment of the loan, the exposure is treated as part of the investment and is tested for impairment under IAS 36.

Subsequent measurement

For the purposes of subsequent measurement, the financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through profit or loss;
- Financial assets at fair value through other comprehensive income with 'recycling' of the cumulative gains or losses (debt instruments);
- Financial assets determined as such at fair value through other comprehensive income without 'recycling' of the cumulative gains and losses at their derecognition (equity instruments).

During the current period the Group recognizes financial assets in three of those categories – financial assets at amortized cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Financial assets at amortized cost (debt instruments)

The Group management has concluded that financial assets representing cash in banks, trade receivables, other non-current receivables (i.e. from related parties, trade credit receivables and other) are held in order to collect contractual cash flows and are expected to lead to cash flows, representing only payments of principal and interest (business model applied). These financial assets are classified and subsequently measured at amortized cost.

The measure of financial assets at amortized cost is only in cases where both conditions set out below are satisfied:

- A financial asset is held within a business model which aim is to hold it in order to collect the

contractual cash flows and

- The terms of the contract for the financial asset result in cash flows at specific dates which represent only payments on principal and interest on the outstanding amount of the principal

Financial assets at amortized cost (loans and other financial resources) are subsequently measured applying the effective interest method and are subject to impairment. Amortized cost is calculated taking into account all fees, commissions and other income. Interest income from loans is recognized over the period of depreciation and is presented in the statement of profit or loss in the item 'Financial Revenue'. Impairment costs and reversed impairments associated with the financial assets measured at amortized cost, including trade receivables under IFRS 15, are recognized in the statement of profit or loss in 'other income/(loss) from operations'.

Profit and loss are recognized in profit or loss when the asset is written-off, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated at their initial recognition as at fair value through profit or loss, or financial assets that are required to be measured at fair value. Financial assets are classified as held for trading, if they are acquired for sale or re-acquisition within a short period of time. Financial assets with cash flows that are not only principal and interest payments are classified and measured at fair value through profit or loss regardless of the business model.

Regardless of the criteria for debt instruments that are to be classified at amortized cost of acquisition or at fair value in Other comprehensive income as described above, debt instruments may be designated as such at fair value through profit or loss on their initial recognition, if the accounting mismatch is substantially eliminated or significantly reduced.

Financial assets at fair value through profit or loss are reported in the statement of financial position at fair value, net changes in fair value being recognized in the profit and loss statement.

This category includes related party loans and non-listed and listed for trading on stock exchanges equity instruments, which the Group companies have not chosen irrevocably to classify as such at fair value through other comprehensive income. Dividends on such equity instruments are also recognized as other revenue in the profit or loss statement when the entitlement to receive payment is established.

Financial assets at fair value through other comprehensive income

Investments held to maturity are financial assets, which are non-derivative and has fixed or determinable payments and fixed maturity that the Management has the positive intention and ability to hold to maturity. When selling a significant portion of assets held to maturity, the entire category would be reclassified as available for sale.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is written-off (i.e. removed from the statement of financial position of the Group), mainly when:

- the rights to receive cash flows from the asset have expired

  or

- the rights to receive cash flows from the asset are transferred or a Group company has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group company has transferred substantially all the risks and rewards of ownership on the asset, or (b) the Group company has neither substantially transferred nor retained all the risks and rewards of ownership on the asset, but has not retained the control over the asset.

When a Group company has transferred its rights to receive cash flows from the asset or has entered into a 'pass-through' arrangement, it assesses whether and to what extent it has retained the risks and rewards of ownership. When the company has not transferred, nor retained substantially all risks and benefits of the financial asset ownership, nor has transferred the control on it, it continues to recognize the transferred asset to the extent of its continuing involvement in it. In such case, the Group also recognizes the related liability. The transferred asset and the related liability are measured on a basis that reflects the rights and liabilities that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Group company could be required to repay.

Impairment of financial assets

The Group recognizes a provision for expected credit losses (ECL) for all debt instruments, which are not carried at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows payable under the terms of the contract, and all cash flows that a Group company expects to receive, discounted to the original effective interest rate. Expected cash flows include cash flows from the sale of the collateral held or other credit enhancements that form an integral part of the terms of the contract.

ECL are recognized in two stages. For credit exposures for which there is no significant increase in credit risk from the initial recognition, ECL are provisioned for credit losses that arise as a result of default events that are possible over the next 12 months (12-month ECL). For credit exposures for which there is a significant increase in credit risk from the initial recognition, a provision for loss is required in respect of the credit losses expected over the remaining exposure period, irrespective of the occurrence of the default (ECL over the duration of the instrument) .

With respect to trade receivables the Group applies a simplified approach for calculating the expected credit losses. Therefore, companies do not track changes in credit risk, but instead recognize a provision for loss on the basis of the expected credit losses for the entire duration of the instrument at each reporting date. The group has created a matrix for provisioning, based on historical experience of credit losses, adjusted for prognostic factors, specific to the debtors and the economic environment.

All loans granted within the group and to third parties shall be examined:

- in a three-year historical period;
- in case of discounting of the cash-flows by an effective interest rate;
- an adjustment to the historic probability of non-performance with an estimate of future development;
- calculation of the impairment loss.

With respect to trade receivables the Group applies a simplified approach for calculating the expected credit losses. Therefore, it does not track credit risk changes, but instead it recognizes a provision for losses based on ECL for the entire duration of the instrument at each reporting date. The group has created a matrix for provisioning, based on historical experience of credit losses, adjusted for prognostic factors, specific to the debtors and the economic environment.

All these commercial receivables are examined by:

- an analysis of the collection rate of the sales for the previous financial year broken down by periods of payment;
- Calculation of the historical percentage of non-collection rate;
- calculation of average values for probability of non-performance and loss in case of non-performance for a period of 360 days;
- an adjustment to the historic probability of non-performance with an estimate of future development;
- calculation of the impairment loss.

Impairment of bank loans

If there is an objective evidence that the Bank will not be able to collect all amounts due (principal and interest) under the original contractual terms and conditions of the loan / receivables under a finance lease, such loans are considered impaired.

The amount of the impairment loss is the difference between the carrying value of the loan and the present value of expected future cash flows, discounted at the original effective interest rate on the loan, or the difference between the carrying value of the loan and the fair value of the collateral if the receivables under the loan / finance lease are secured and a foreclosure is likely to be imposed.

Impairment and non-collectability are assessed and recognized individually for loans and receivables that are individually significant, while on a portfolio basis – for a group of similar loans and receivables that are not individually identified as impaired. If the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

Present value of expected future cash flows is discounted at the original effective interest rate of the financial assets. If the loan has a variable interest rate, the discount rate to assess the impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced to its estimated recoverable value through expense to revenue using the provision for loan impairment. Write off is made when all or part of the credit shall be deemed, fully or partially, irrecoverable. Write-offs are charged to preliminary set provisions for impairment of loans and at the same time reduce the carrying value of the loan and related payments. The recovery of loans written off in prior periods are included in revenue through transferring the loan amount in the provision for impairment.

If the amount of the impairment subsequently decreases because of an event occurring after its recognition (as an improvement in the credit rating of the debtor), previously recognized impairment shall be recovered by adjusting the provision for impairment.

For the purposes of a collective evaluation of impairment, financial assets are grouped based on internal credit rating of the bank that takes into account the characteristics of the credit risk by industry, type of collateral, status of arrears and other relevant factors. Future cash flows from a group of financial assets that are collectively evaluated for impairment are estimated based on experience with losses for assets with credit risk characteristics similar to those in the group. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between estimated losses and actual losses.

2.9.2. Financial liabilities and equity instruments

The Group classifies debt and equity instruments either as financial liabilities or as equity in accordance with the substance and the contractual arrangements with the respective counterpart regarding these instruments.

Initial recognition and measurement

The Group recognizes a financial liability in the statement of financial position only when the Group becomes a party to the contractual provisions of the financial instrument. Initial recognition occurs at the settlement date and is carried at fair value plus, in case of financial liabilities that are not carried at fair value through profit or loss, costs directly attributable to the acquisition or issue of the financial liability. Loan management fees are deferred over the period of borrowing using the effective interest method and are included in the amortized cost of the loans.

Upon initial recognition, financial liabilities are classified as such at fair value through profit or loss or as financial liabilities measured at amortized cost. Initially, all financial liabilities are recognized at fair value, and in the case of loans and borrowings – net of directly attributable transaction costs.

Financial liabilities of the Group include trade and other payables, loans and borrowings, including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities designated at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, and financial liabilities designated at initial recognition as such — at fair value through profit or loss.

Financial liabilities are classified as held for trading, if they are acquired for the purpose of repurchasing in the near future. Profit or loss on liabilities held for trading are recognized in profit and loss statement.

Financial liabilities designated at initial recognition as such at fair value through profit or loss are designated as such at the date of initial recognition only if the IFRS 9 criteria have been met. The Group has not designated financial liabilities at fair value through profit or loss.

Financial liabilities measured at amortized cost (loans and borrowings)

This category is of utmost importance for the Group. After initial recognition, the Group measures interest bearing loans and borrowings at amortized cost by using the effective interest method. Profit and losses are recognized through profit or loss when the liability is written-off, as well as through the amortization process on the basis of the effective interest method.

The amortized value is calculated by taking into account any discounts or premiums at the acquisition and fees or costs that are an integral part of the effective interest rate. Depreciation through the effective interest rate is included in the profit and loss statement as a financial costs.

This category mainly concerns interest-bearing loans and borrowed funds.

Derecognition

The Group writes-off a financial liability only when it settles (fulfils) the obligation, the obligation term expires or the creditor waives its rights.

Where an existing financial liability has been replaced by another by the same lender under substantially different conditions or the terms of an existing liability have been materially changed, such an exchange or change is treated as a write-off of the original liability and recognition of a new liability. The difference in the appropriate carrying amounts is recognized in the profit and loss statement.

The difference between the carrying amount of a financial liability, settled or transferred to another party, and the amount paid for settlement, including money and the transfer of non-monetary assets, is recognized in profit or loss for the period.

Compensation of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, if there is a legally enforceable right to offset the recognized amounts and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.10. Property, plant and equipment

Property, plant and equipment (tangible fixed assets) are presented in the financial statements at revalued amount, less accumulated amortization and impairment losses. The Group has adopted a period of three years to report the revaluations of fixed assets.

The revaluation (to fair value) of property, plant and equipment is determined initially by independent evaluators at 31 December 2001. Subsequent valuations are made at 31 December 2004, 31 December 2007, 31 December 2010, 31 December 2013, 31 December 2016 and 31 December 2019 and their effects are reflected in the financial statements for 2004, 2007, 2010. 2013, 2016 and 2019. As of 31 December 2020, Company specialists have made a review to determine the fair value of property, plant and equipment and the management has approved their carrying amount to be considered as fair value.

Initial valuation

Upon initial acquisition, property, plant and equipment are measured at cost, which includes the purchase price (cost price), customs duties and all direct costs necessary to bring the asset into working condition. Direct costs include: costs for site preparation, costs for initial delivery and handling, installation costs, professional fees for people involved with the project, unrecoverable tax, etc.

Acquired by the Group tangible asset is recognized in property, plant and equipment when it is expected to be used in operations (to lease it, for provision of other services or for administrative purposes) for a period longer than one year.

Upon acquisition of property, plant and equipment under deferred payment, the purchase price is equivalent to the present value of the liability discounted on the basis of the interest level of the attracted by the company credit resources with analogous maturity and purpose.

Subsequent measurement

The chosen approach for subsequent measurement of property, plant and equipment is the revaluation model under IAS 16 less subsequent depreciation and accumulated impairment losses.

Revaluation of property, plant and equipment is carried out by licensed valuers normally over a period of 3 years. When their fair value changes substantially in shorter time intervals, the revaluation may be performed at shorter periods.

Where the new fair value of tangible fixed assets measured through the 'depreciated replacement cost method' exceeds their carrying amount, the book value and accumulated amortization are increased *pro rata* by the increase index, and the difference between the fair value and the carrying amount of assets forms a new component of the revaluation reserve presented net of deferred tax effects.

For tangible fixed assets for whose valuation 'market approach' is applied using 'market analogue method', the book value is reduced against accumulated amortization, and by the increase in the fair value of the asset in relation to its carrying amount at the measurement date, the latter is increased (against a revaluation reserve), which becomes the new book value of the assets.

When the carrying amount of assets exceeds the new fair value, the difference between the two amounts is recognized in the statement of comprehensive income, unless revaluation reserve has been formed in prior periods for the asset. The difference is then treated as a reduction of that reserve, unless it exceeds its amount, and the excess is included as an expense in the statement of comprehensive income.

Depreciation methods

The Group applies the straight-line method of amortization of its tangible fixed assets. Depreciation of assets begins when they are available for use. Land is not subject to depreciation. The useful life by asset groups is determined in accordance with: the physical wear and tear, the specificity of the equipment, the future intentions for use and the assumed obsolescence, as follows:

- buildings – 100 years;
- plant, equipment and installations – from 3 to 20 years;
- computers – 2 years;
- vehicles – 5–15 years;
- fixtures and fittings – 2–15 years.
- ATMs and POS terminals – 3–10 years

The determined useful life of fixed assets is reviewed at the end of each year and, when significant deviations from the expected useful life of the asset are identified, it is corrected prospectively.

Subsequent costs

Repairs and maintenance costs are recognized as current in the period in which they are incurred. Subsequent costs related to property, plant and equipment that have the nature of replacement of certain nodes

and aggregates or of reorganization and reorganization are capitalized to the carrying amount of the asset and its residual useful life is reviewed at the date of capitalization. At the same time, the non-amortized portion of the replaced components is written off from the carrying amount of the assets and is recognized in the current expense for the reorganization period.

Impairment of assets

The carrying amounts of tangible fixed assets are reviewed for impairment when there are events or changes in circumstances that indicate that their carrying amount may be permanently different from their recoverable amount. If there are such indicators that the estimated recoverable amount is lower than their carrying amount, the latter is adjusted to the recoverable amount of the assets. The recoverable amount of tangible fixed assets is the higher of the two: fair value less costs to sell or value in use. For the determination of the value in use of assets, future cash flows are discounted to their present value using a pre-tax discount factor that reflects the current market conditions and estimates of the time value of the money and the risks specific to the asset. Impairment losses are recognized in the statement of comprehensive income unless a revaluation reserve is formed for the asset. The impairment is then treated as a reduction of that reserve, unless it exceeds its amount, and the excess is included as an expense in the statement of comprehensive income.

Profit and loss from sale

Tangible fixed assets are derecognised from the statement of financial position when they are permanently out of use and no future economic benefits are expected or they are sold. Profit or loss from sales of individual assets from 'property, plant and equipment' group are determined by comparing the sale revenues and the carrying amount of the asset at the date of sale. They are stated net to 'other operating income/(loss), net' in the statement of comprehensive income. The portion of the 'revaluation reserve' related to the asset sold is transferred directly to 'retained earnings'.

2.11. Investment properties

Investment property is property held by the economic group to earn rentals and/or because of an internal increase in their value. They are reported in the statement of financial position at their fair value. Profit or loss from changes in the fair value of investment property are recognized in the statement of comprehensive income in 'Other operating income/(loss), net' for the period in which they have occurred. Realized revenue from investment properties is presented in the same item in the financial statements.

Investment properties are derecognised from the statement of financial position when they are permanently out of use and no future economic benefits are expected or they are sold. Profit or loss from sales of individual assets from 'investment properties' group are determined by comparing the sale revenue and the

carrying amount of the asset at the date of sale. They are stated net to 'other operating income/(loss), net' in the statement of comprehensive income.

Transfers to and from 'investment property' group are made when there is a change in the use of a property. In the case of a transfer from 'investment property' to 'property for use in own business', the asset is recorded in its new group at a historical cost that is its fair value at the date of the transfer. In contrast, when there is a transfer to 'investment property' from 'property for use in own business', the asset is measured at its fair value at the date of the transfer and the difference to its carrying amount is treated and presented as a 'revaluation reserve' component of equity.

2.12. Biological assets

Biological assets (perennials) are measured at fair value less estimated costs to sell.

The fair value of biological assets is determined based on their present location and condition based on price, quoted in an active market or alternative sources of current prices. The profit or loss arising on initial recognition of a biological asset at fair value less estimated costs to sell and changes in fair value less estimated costs to sell are recognized in the consolidated statement of comprehensive income (profit or loss for the year) in the period in which they arise and are presented under 'other operating income/(loss), net'. When the fair value of a biological asset cannot be measured reliably, it is measured at cost less accumulated amortization or impairment losses. Later, when it becomes possible to measure the fair value of this biological asset in a reliable way, the Group changes its approach and starts to measure the asset at fair value less estimated costs to sell.

2.13. Intangible assets

The intangible assets are presented in the financial statements at cost of acquisition (cost price) reduced by the accumulated depreciation and impairment losses. They include property rights and licenses for use of software.

The Group applies straight-line method of amortization of intangible assets at expected useful lives of 2–3 years.

The carrying amount of intangible assets is reviewed for impairment when there are events or changes in circumstances that indicate that the carrying amount may exceed their recoverable amount. Then the impairment is included as an expense in the statement of comprehensive income.

2.14. Inventories

Inventories are measured at the lower of: Acquisition cost and their net realizable value.

Costs that are carried out to bring a product in its current condition and location are included in the acquisition cost as follows:

- raw materials and finished materials – all delivery costs, including the purchase price, import duties and taxes, transportation costs, non-refundable taxes and other expenses incurred for rendering the materials ready for use;
- finished goods and work in progress – direct costs of materials and labour and the attributable proportion of indirect costs of production based on normal operating capacity of production facilities, with the exception of administrative costs, exchange rate difference and the cost of borrowings.

The inclusion of fixed overheads in the cost of production and preparations is made based on normal capacity.

In the use (sale) of inventories the method of weighted average price (cost) is applied.

Net realizable value is the approximate estimate selling price of an asset in the ordinary course of business, less the estimated costs of completing the asset in a commercial form and the estimated costs of realization.

2.15. Non-current assets held for sale

Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all of the assets and liabilities of the group) should be measured in accordance with the applicable IFRSs. In the original classification as held for sale, non-current assets or disposal groups are recognized at the lower of the carrying amount and the fair value less costs to sell.

Impairment losses on initial recognition as held for sale are recognized in the statement of comprehensive income, even for assets measured at fair value, such as gains and losses on subsequent revaluation.

From the date of classifying an asset/group of tangible fixed assets in this group, its depreciation is suspended.

From the date on which the classification of the asset/group of net assets as held for sale are no longer satisfied, the asset classification as an asset held for sale ceases and it is measured at the lower of its carrying amount before classification of the asset as held for sale adjusted for depreciation and/or revaluation that would have been recognized if the asset has not been recognized as held for sale, and its recoverable value.

2.16. Cash and cash equivalents

Cash includes cash and current accounts, and cash equivalents — short-term deposits with banks whose original maturity is less than 3 months.

For the purposes of the cash flows statement:

- proceeds from interest and fees on granted loans are included in cash flows from operating activities;
- the cash flows associated with granted loans (principal) are included as cash flows used in investment activities;

- the proceeds from dividends from subsidiaries are included in cash flows from operating activities;
- proceeds from customers and payments to suppliers are presented gross, including VAT (20%);
- VAT paid on purchases of fixed assets is reported as 'other proceeds (payments)', net, to cash flows from operating activities, in so far as it participates and is refunded together with the operating cash flows of the Group companies for the respective period (month).

Subsequent measurement

Cash and cash equivalents at banks are reported subsequently at amortized cost less any accumulated impairment for expected credit losses

2.17. Capitalization of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the value of that asset. A qualifying asset is an asset that necessarily requires at least a 12-month period to become ready for its intended use or sale.

The amount of borrowing costs that can be capitalized in the value of a qualifying asset is determined by the coefficient /rate/ of capitalization. The rate of capitalization is the weighted average of the borrowing costs applicable to the borrowings of the economic group outstanding during the period, except for the loans entered into specifically for the purpose of acquiring a qualified asset.

Capitalization of borrowing costs as part of the value of a qualifying asset begins when the following conditions are met: asset costs are incurred, borrowing costs are incurred and activities are in progress to prepare the asset for its intended use or sale.

Borrowing costs are also reduced by any investment income from the temporary investment of funds from these loans.

2.18. Liabilities to suppliers and other liabilities

Liabilities to suppliers and other current liabilities are stated at the cost of the original invoices (price cost), which is considered as the fair value of the transaction that will be paid in the future against the goods and services received.

When liabilities to suppliers are deferred beyond normal credit terms, they are recognized at the present value of the liability discounted based on the interest level of the borrowings of the group companies with analogous maturity and purpose, and the difference between the current value and the total payments is recognized as a financial cost (interest).

2.19. Leasing

The Group as a leaseholder

As regards all new contracts entered into on or after 1 January 2019, the Group assesses whether the contract is or contains a lease. The lease shall be defined as a 'contract or a part of a contract entitling to the use of an asset (the main asset) for period of time in exchange for payment'. In order to apply this definition, the Group assesses whether the contract meets three key assessments, which are whether:

· the contract contains a certain asset that is either explicitly identified in the contract or is implicitly specified, and it is identified at the moment the asset is made available to the Group;

· the Group is entitled to receive in essence all economic benefits from the use of the defined asset throughout the entire period of use, due consideration being given to its rights in the defined scope of the contract;

· the Group has the right to direct the use of the defined asset throughout the entire period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset will be used throughout the entire period of use.

Valuation and recognition of a lease as a leaseholder

On the date of commencement of the lease, the Group recognizes an asset for a right of use and a lease liability in the balance sheet. An asset with right of use is valued at cost, which consists of the initial valuation of the lease liability, all initial direct costs incurred by the Group, valuation of all costs of dismantling and removal of the assets at the end of the lease and any lease payments made before the lease commencement date (excl. any received incentives).

The Group depreciates the assets with right of use on a straight-line basis from the date of commencement of the lease to the earlier of the end of useful life of the asset with right of use or the end of the lease term. The Group also carries out an impairment review of the asset with right of use when there are such indicators.

As at the commencement date, the Group values the lease liability at present value of the lease payments not made as at this date, discounted, by using the rate of interest included in the lease contract, if such rate can immediately determine the Group's loan differentiated rate of interest.

Lease payments included in the valuation of the lease liability consist of fixed payments, variable payments on the basis of an index or percentage, amounts expected to be payable in accordance with a guarantee for a residual value and payments ensuing from options that are reasonably secure to be exercised.

After the initial date the Group values the lease liability by increasing the carrying amount in order to reflect the lease liability interest, and decreasing the carrying amount in order to reflect the lease payments made, and revaluing the carrying amount of the liability in order to reflect the revaluations or the changes of the lease contract or in order to reflect the adjusted lease payments that are in essence fixed.

The Group is exposed to potential future increases in the variable lease payments on the basis of an index or a rate of interest, which are not included in the lease liability until their entry into force. When the

adjustments to the lease payments enter into force, on the basis of an index or rate of interest, the lease liability is revalued and adjusted against the asset with right of use.

When the lease liability is revalued, the respective adjustment is reflected in the asset with right of use or in the profit and loss if the asset with right of use is already reduced to zero.

The Group has chosen to report the short-term lease contracts and lease contracts, the main asset under which has a low value, by using exemptions from the requirements for recognition. Instead of recognition of an asset with right of use and a lease liability, the payments related to them are recognized as a cost in the profit or loss on a straight-line basis over the lease term.

The assets with right of use are included in the statement of financial position in property, plant and equipment, and the lease liabilities are included in commercial and other liabilities.

The group as a lessor

The Group accounting policy, under IFRS 16 has not changed since the reference period.

As a lessor, the Group classifies its lease contracts as operating or financial leases.

The lease is classified as financial lease if it transfers in essence all risks and benefits relating to the title to the main assets and is classified as operating lease if it does not do so.

2.20. Pension and other liabilities to personnel under social and labour law

The labour and social security relations with the employees in the individual companies are based on the provisions of the Labour Code and the provisions of effective social security legislation in the Republic of Bulgaria.

Moldindconbank S.A. pays to the State Funds of Moldova pension, health care and unemployment benefits on behalf of its employees. All employees of the bank are members of the state pension plan as the amount of the instalment is 6%.

Short-term income

Short-term income for employees in the form of wages, bonuses and social benefits and benefits (required for settlement within 12 months of the end of the period in which the staff was employed or has fulfilled the necessary conditions) is recognized as an expense in the statement of comprehensive income (in profit or loss for the year), unless an IFRS requires that amount to be capitalized in the rice cost of an asset for the period of employment and/or the requirements for receiving it are met, and as current obligation (after deducting all amounts already paid and applicable deductions) to the extent of their undiscounted amount.

At the date of each financial statements, the Group assesses the expected cost of accumulating compensated annual leaves, which are expected to be paid as a result of the entitlement to annual leave, accrued but not taken.

Bonuses and bonus schemes

Pursuant to the Statute of each company and pursuant to a resolution taken at the General Meeting of Shareholders, the Executive Director is entitled to receive a one-off remuneration (bonus) amounting to 1% of the net profit of the economic group and is empowered to determine the employees among which a bonus as a cash payment of up to 2% of the profit of the economic group for each financial year will be distributed. When a part is required to be deferred for a period longer than 12 months, that portion is measured at its present value at the date of the financial statements and is referred to non-current liabilities in the statement of financial position, item 'liabilities to personnel'.

Long-term retirement benefits

Defined contribution plans

In the Republic of Bulgaria

The main obligation of the employer is to make compulsory insurance for the hired personnel for Pensions Fund, additional mandatory pension insurance, fund 'General disease and maternity', Unemployment Fund, Labour Accident and Occupational Disease Fund and health insurance.

These social security pension plans administered by the economic group as an employer are defined contribution plans. Under these plans, the employer pays monthly contributions to the state pension funds, Fund 'General disease and maternity', Unemployment Fund, Labour Accident and Occupational Disease Fund, as well as to universal and professional pension funds – based on statutory rates and has no legal or constructive obligation to make additional contributions to the funds in cases where they do not have sufficient funds to pay to the persons concerned the amounts they have earned for the period of their service. The obligations regarding the health insurance are analogous.

The social security contributions are defined by the Law on State Social Security Budget and the Law on the budget of NHIF for the relevant year. Contributions are shared between the employer and the insured person at a ratio that changes annually and is set in Article 6(3) of the Social Security Code. The total amount of the contribution for the Pensions Fund, additional mandatory pension insurance, fund 'General disease and maternity', Unemployment Fund and health insurance in 2020 is as follows:

- *for the period 01 January 2020–31 December 2020*

32.30% (distributed in ratio employer: insured person 18.52:13.78) for those working under the third category of employment.

In addition, at its own expense, the employer makes a social security contribution to Labour Accident and Occupational Disease Fund, which is differentiated for the various enterprises from 0.4% to 1.1%, depending on the economic activity of the enterprise.

The group does not have a private and voluntary private insurance fund.

The contributions due by the economic group to defined contribution plans for social security and health insurance are recognized as a current expense in the statement of comprehensive income (in the profit or loss), unless an IFRS requires that this amount be capitalized in the cost of a given asset, and as a current liability at an undiscounted amount, together with the period of work and the accrual of the respective income of employees to which the social contributions relate.

In the Republic of Moldova

Social security is on account of the employer in the only National Office of Social Insurance and amounts to 6%.

Defined benefits plans

Pursuant to the Labour Code, the economic group is as an employer in Bulgaria is obliged to pay to its personnel upon retirement an indemnity, which depending on the length of service can vary between 2 and 6 gross monthly salaries as at the termination of the employment relationship. According to their characteristics, these schemes are unfunded defined benefit plans.

The calculation of these liabilities necessitates the participation of qualified actuaries in order to determine their present value at the end of the reporting period, at which they are recognised in the statement of financial position, adjusted with the amount of the unrecognised actuarial gains and losses, while the change in value including the recognised actuarial gains and losses are recognised in the statement of comprehensive income. Taking into account the amount and the significance of the liabilities compared to the cost of the actuarial work, the calculations can be made by the economic group itself.

Income at employment termination

According to the provisions of the Labour Code, the employer has the obligation to pay, upon termination of the employment contract, the following compensations:

- failure notice – for the period of the failure notice;
- due to the closure of the entity or part of thereof, staff cuts, reducing the workload and work stoppage for more than 15 days and other – one gross monthly salary;
- upon termination of employment due to illness – the amount of the gross salary of the employee for two months on condition that the employee has at least five years of service and has not received compensation on the same grounds;

- for unused paid annual leave – for the respective years for the period recognized as service period.

After payment of the said benefits, the employer has no other obligations to the employees.

The economic group recognizes obligations to personnel for benefits at resignation before retirement age when a binding commitment is demonstrated on the grounds of publicly announced plan, including for restructuring, to terminate the employment contract with the respective persons without the option to repeal, or upon formal issuance of the documents for voluntary termination. Benefits at resignation payable more than 12 months are discounted and presented in the statement of financial position at their present value.

2.21. Provisions

Provisions are recognized when the group company has a current (constructive or legal) obligation as a result of a past event and it is probable that the payment/settlement of this obligation is related to outlay of resources. Provisions are recognized at the best estimate of the management at the date of the statement of financial position for the expenses needed to settle the present obligation. The estimate is discounted when the liability maturity is long-term. When it is expected part of the resources used to settle the obligation to be reimbursed by a third party, the Group companies recognize a receivable if there is a high degree of certainty to settle the obligation, its value can be reliably measured and income (credit) established in the same item of the statement of comprehensive income where the provision itself is presented.

2.22. Share capital and reserves

Doverie – United Holding AD is established as a holding company. As such, it is obliged to register a certain amount of ***share capital*** with the Commercial Register to serve as collateral for the creditors of the economic Group for their receivables. The shareholders are liable for the obligations of the Group to the amount of the share capital and may claim refund of this participation only in liquidation or bankruptcy proceedings. The Group reports its share capital by the nominal value of the shares registered in court.

Pursuant to the requirements of the Commerce Act, the Group is obliged to set aside a ***Reserve Fund***, and the sources of the fund may include:

- at least one-tenth of the profit to be paid until the fund reaches one-tenth of the share capital or higher part upon decision of the General Assembly;
- funds received over the nominal value of the shares upon issue (premium reserve);
- the amount of the additional payments made by the shareholders against the advantages granted to them for the shares;
- other sources provided by decision of the General Assembly.

Funds from the Fund may only be used to cover annual loss and losses from previous years. When the fund reaches the specified in the Articles of Association minimum amount, the excess funds can be used to increase the share capital.

Revaluation reserve is formed by the positive difference between the carrying amount of property, plant and equipment and their fair valuesat the dates of revaluation. The effect of deferred taxes on the revaluation reserve is reflected directly on the account of this reserve. The revaluation reserve is transferred to 'retained earnings' when the assets are fully depreciated or leave the patrimony of the Group.

Additional reserves are formed from profit distributions in accordance with the decisions of the General Meeting of Shareholders.

Currency adjustment reserve – negative currency adjustment reserve, formed by recognition of exchange rate differences from currency adjustments of the financial reports for international activities;

Insurance reserves (Technical reserves)

Technical reserves are formed under special legislation for insurance companies and are presented separately in the statement of financial position. The establishment of technical reserves is regulated in Art. 118 of the Insurance Code /effective from 01 January 2016/ and are at the expense of the costs, presented separately in the statement of comprehensive income. These reserves are not an element of equity and are not treated as shareholders' property.

Technical reserves are calculated for each type of insurance under which an activity is carried out.

Unearned premium provision

The unearned premium reserve is used as a source to cover claims and administrative costs, which are expected to occur between the end of the reporting period and the date of the next maturity of the premium or the end of the insurance contract.

The unearned premium reserve includes the portion of premium revenue from contracts in force at the end of the reporting period less the actual acquisition costs, fees and deductions relating to the time between the end of the reporting period and the date of expiry of the insurance contract. The unearned premium reserve is calculated by types of insurance by the method of the exact date, taking into account the duration of the insurance contracts and types of insurance premiums (one-time or deferred).

Outstanding claim reserve

The outstanding claim reserve is established to cover benefits and other payments under insurance contracts and related costs, claims incurred before the end of the reporting period, whether filed or not, and not paid as at the same date. The outstanding claim reserve includes reserves formed as a result of the Company`s estimate of the final cost for settling the occurred claims, which are not paid as at the reporting date, whether

announced or not, as well as related internal and external claim handling costs. Outstanding claims are measured by reviewing the individual claims and a reserve for occurred but not announced claims is accrued, as well as for the effect of internal and external foreseeable events such as change in the claim handling policy, inflation, legal amendments, previous experience and trends.

The management believes that the gross outstanding claims reserve is presented fairly on the basis of the information available at the time of preparation of the financial statements. The outstanding claims reserve adjustments found in previous years are stated in the financial statements for the period the adjustments are made in, and are disclosed separately, if material. Methods used and estimates made for the calculation of the reserve, are reviewed on regular basis.

The reserve includes:

1. Reported but not settled claims.
2. Incurred but not reported claims.
3. Costs for settling claims.

Unexpired risks reserve

This reserve is established to cover the risks for the period between the end of the reporting period and the date of expiry of the respective insurance contract in order to cover payments and costs related to these risks, which are expected to exceed the unearned premium reserve established.

The result of the activity of the Group by type of insurance is positive in the last three years, which shows lack of necessity to establish an unexpired risks reserve.

Bonus and discount reserve

Bonus and discount reserve includes amounts intended for policyholders and beneficiaries under insurance contracts in the form of bonuses, discounts and participations in the positive result up to the amount to which they are not included in another established reserve or are not recorded as an expense for the reporting period. It is established to meet the payment of the amounts intended for the insurer, the insured and for third party beneficiaries in the form of bonuses and discounts arising from the risk development.

Cost for the allocated bonus and discount reserve are recognized in the profit or loss in the year of reporting the revenue from direct insurance and the release of allocated reserves are reported as revenue in the next reporting period upon payment of the relevant amounts.

Reserve fund

The reserve fund is used as a source to cover the expected adverse deviations in the payments of the insurances offered by the Group.

Insurance reserves are calculated by an actuary, according to the Insurance Code.

2.23. Profit taxes

Current profit taxes are determined in accordance with the requirements of Bulgarian tax legislation – the Corporate Income Tax Act. The nominal tax rate for 2020 is 10% (2019 : 10%) and 12% (2019: 12%) in the Republic of Moldova.

Deferred profit taxes are determined using the liability method on temporary differences at the date of the financial statements, between the carrying amounts and the tax bases of assets and liabilities.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable they to reverse and to generate in the future sufficient taxable profit or taxable temporary differences, which can be deducted by these deductible temporary differences.

The carrying amount of all deferred tax assets is reviewed at each date of the financial statements and is reduced to the extent that they are likely to reverse and to generate sufficient taxable profit from which they can be deducted.

Deferred taxes related to items that are recognized directly in equity or other balance sheet item should also be accounted directly to the relevant equity component or balance sheet item.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied during the period over which the assets will be realized or the liability will be settled on the basis of the applicable tax laws or the tax laws that are expected to be effective with large degree of certainty.

As at 31 December 2020 deferred profit taxes are measures at a rate of 10% (2019: 10%) in the Republic of Bulgaria and 12% (2019: 12%) in the Republic of Moldova.

2.24. Net earnings per share

Net earnings per share are calculated by dividing the net profit or loss for the period to be distributed among the holders of ordinary shares to the weighted average number of ordinary shares held in the period.

The weighted average number of shares is the number of ordinary shares held at the beginning of the period, adjusted by the number of ordinary shares redeemed, and the newly issued shares during the period multiplied by the medium-term factor. This factor expresses the number of days the specific shares were held in relation to the total number of days during the period.

Earnings per diluted shares are not calculated because there are no issues of dilutive potential ordinary shares.

2.25. Crucial estimates in applying the accounting policies of the Group. Key estimates and assumptions with high uncertainty.

2.25.1. Impairment of investments in shares and interest in subsidiaries and associates

Long-term investments in subsidiaries and associates are measured at cost price, because there are no reliable sources available to determine their fair values.

At each date of the statement of financial position, the management assesses whether there are indicators for impairment of its investments.

The company's management has adopted as indicators for impairment of investments in subsidiaries and associates:

- a decision to declare a winding-up procedure of the relevant company whose net assets are not sufficient to cover their liabilities. The amount of the impairment in this case is up to 100% of the carrying amount of the investments after deduction of the amount for which there is unconditional evidence of recovery;
- prices of the Bulgarian Stock Exchange for sale of shares;
- an excess of the carrying amount of the investment over the share in the net assets of the subsidiary or associate. Where the company applies 'cost of acquisition' method for the subsequent reporting of tangible fixed assets, net assets are restated taking into account the revaluation effect of tangible fixed assets at fair value that is determined by an authorized valuer. (Notes 2.7 and 2.8)
- revenue method of discounted cash flows.

2.25.2. Impairment of financial assets

Recognition and measurement of expected credit losses on debt instruments, measured at amortized cost

Approach for impairment of expected credit losses of trade receivables

The Group uses a provisioning matrix for the calculation of ECL for the commercial receivables. Provisioning percentages are based on the past due days.

The provisioning matrix is initially based on the default rates observed by the Group historically. The Group refines the matrix to correct historical experience with credit losses by including forecast information. For example, if forecasts of economic conditions (for example, gross domestic product) are expected to deteriorate in the coming year, which may lead to a higher number of arrears in the manufacturing sector, historical rates of arrears are corrected. Historical rates of arrears are updated at each reporting date and changes in estimates are analysed.

Approach for impairment of granted credits, commercial receivables and receivables from related parties with a financing element

The Group applies an individual approach for impairment of receivables with an element of financing and granted credits. The impairment model is based on the cash flows agreed in the financial instrument conditions, as well as the assumptions and estimates of expected cash flows and the realization of the financial asset adopted by the management in the preparation of the financial statements.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of each shortage of money) over the expected term of the financial instrument. Monetary deficiency is the difference between the cash flows payable to the Group in accordance with the contract and the cash flows that the Group expects to receive. Since the expected credit losses account for the amount and timing of payments, an expected credit loss is recognized even if the Group expects the asset to be fully paid, but later than the due date.

The assessment of the correlation between historical past due rates, forecasts for economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and the predicted economic conditions. The Group's historical experience with credit losses and the economic forecasts may also be unrepresentative of actual defaults by the client in the future.

Approach for impairment of cash

Cash and cash equivalents are the most highly liquid financial instruments. They do not carry a settlement risk, and the liquidity risk is limited to the technical possibility of a given non-disposal with them. Cash deposited in banks, however, are carriers of counterparty credit risk (default risk). Counterparty risk is the probability of a counterparty to a financial transaction not meeting its contractual obligations. The Group applies the standardized approach for calculation of the expected credit losses of cash in banks using the credit ratings of the financial institutions in which the Group has deposited its cash resources to determine the loss given default in the model parameters.

2.25.3. Revalued property, plant and equipment

Independent licensed appraisers revalue the Group property, plant and equipment to their fair value every 3 years. Such revaluations are performed every three years and the latest is done at 31 December 2019.

In these revaluations, the following approaches and valuation methods are applied to measure the fair value of the individual types of tangible fixed assets:

- Market approach – estimates an indicative value by comparing the asset under assessment with identical or similar assets for which price information is available.

- Revenue approach – estimates an indicative value by bringing future cash flows to a single current capital value i.e. considers the revenue that the asset will generate over its useful life and calculates the indicative value by capitalization.
- Cost approach – estimates an indicative value using the economic principle that a buyer would not pay for an asset more than the costs of acquisition, by purchase or construction, of an asset of equivalent value.

One or more evaluation techniques (methods) are used within each of the approaches and the possible combinations between them:

- Market comparison approach is a method analysing the value of the rights over the assets comparing prices in an active market in current transactions with an identical rights over assets with similar characteristics.
- Method of discounted cash flows estimates the value on the basis of a sequence of future cash flows converted to a present value by applying the appropriate discount rate.
- Depreciated replacement cost method analyses the value of the rights over the asset based on the costs for its creation or replacement with a similar one at the moment of the valuation reduced by the value of the physical, moral and economic depreciation.

Fair value measurements are based on observable and unobservable data, adjusted for special factors such as area, location and current use. The input data, observed directly or indirectly, used in the measurement is subject to adjustments. For this reason, the assumptions used are categorized as level 3.

In these revaluations, the following approaches and valuation methods are applied to measure the fair value of the individual types of tangible fixed assets:

Residual method to determine the value of right of ownership:

Consistency in the application of the residual valuation method:

- Determining the construction cost for the realization of an investment and construction project on a building land at optimal spatial parameters /model/;
- Assessment of revenue after realization in service of a new building;
- Residual land value as the difference in the values of the revenue method with property rights and a method based on net asset value (only for construction)
- Adjustment of residual land value.
- Adjustment of the property acquisition costs
- Adjustment for the investment project realization period
- Annual interest rate
- Target profit margin

Market value of the property right of the building land as a residual value of the land after development of the property.

Cost method (real value) for real estate valuation:

This valuation method is based on the theoretical considerations of the dependence of the value of buildings, construction equipment and improvements on the cost for their creation. The essence of the method consists in determining the cost for the creation of the respective site taking into account the stage of completion and all value creating factors at the time of evaluation and appropriate market conditions.

At the same time the method requires an evaluation of the property rights of land ownership (or of any undivided shares).

The final value obtained in the application of the valuation method based on the cost of creation, is the result of the evaluation of property rights, buildings with respective infrastructure and facilities, and rights in rem.

Determining the value of outstanding construction works and improvements.

The method consists of the following:

The costs for the acquisition of the building land (right to build) + the costs for the construction of the buildings and the facilities on the land determine the value of the immovable property.

Diagram of the method:

Value of land (together with the acquisition costs and)

\+ *Gross construction costs of a similar building*

\- *Any deductions for:*

Physical wear and tear (determined by a quadratic formula)

Moral wear and tear, obsolescence

Technical defects

= ***Value of property***

The value of the terrain is determined in accordance with the level of the market prices in the region of the property and according to the location and the specifics of the building land as per the **comparison approach (market analogy method).**

Determination of the unit price (cost) of the construction completion is done on the basis of suitable analogues reflecting actual production costs for construction of similar sites. Technical and moral wear is taken into account as well as the costs for repairing various failures and defects.

Physical depreciation is defined as a quadratic dependence on age:

$$A(B\%)=\frac{1}{2}\left(\frac{T}{TH}+\frac{T^2}{TH^2}\right) \text{ x } (100\ \%),$$

where:

A(B%) – physical wear and tear;

T – the age of the building (or the effective age of the building depending on the condition, apparent age of the building)

TH – Regulatory life of the building

Revenue method

The method defines the property as the investment made by the owner in order to generate future income. We will transform the market value of the property in its expected equivalent uniform annual revenues (rents), resulting from the relationship between the annual income from the property and its value as per the formula:

CV = NI x YP, where

CV – capital cost

NI – net rent (annual)

YP – years purchase (annuity factor)

The market value of the property (CV), needed to determine the amount of the rent, is determined on the basis of the costs for the acquisition of a plot of land, similar to the evaluated one.

The value of the land is determined in accordance with the level of the market prices in the country and according to the location and the specifics of the plot of land, the completed infrastructure for the region.

Annuity factor – rent for eternity or Years – Purchase;

$$\text{YP ny@i\%} = \frac{1 - \frac{1}{(1+n)^n}}{i} \text{ or } \frac{(1+n)^n - 1}{i(1+i)^n} = \frac{1 - PV\,1}{i};$$

Years – purchase or annuity factor is the present value of discounted annuities for a period @ i%. Years – purchase represents the amount of the discounted factor. All values are smaller than n and do not exceed $\frac{1}{i}$;

Market analogy method.

Sales comparison method is used to determine the fair market value of the land based on offers and concluded deals on the real estate market.

Using this method, the market value of a property is determined by direct comparison with similar properties, sold or offered in the market in the region within a period close to the valuation date. All elements for comparison between the similar properties and the evaluated property are considered and analysed and sale price adjustments are made to reflect the BGN or percentage figure of the notable differences.

The collected data is analysed, summarised and the value of the appraised property is estimated based on the adjusted prices of the similar properties.

The main sources of information used in the calculations and judgements for determining the fair values are: internal data and opinion of the management of the Group on the functional status of assets, intention to sell specific assets, repairs done, prospects for use of assets, published prices of deals on real estate

markets, offers of manufacturers, sales persons and importers of new and second hand specialised plants and equipment.

2.25.4. Impairment of property, plant and equipment

At each date of the financial statements the management of the respective company organizes a review for impairment of buildings, plant, equipment and vehicles. Incurred impairment losses are recognized in the statement of comprehensive income for the respective closed period.

2.25.5. Fair value measurement of financial instruments

The Group determines the fair value of the financial instruments on the basis of available market information or, if not available, through appropriate valuation models. The fair value of financial instruments that are actively traded on organized financial markets is determined on the basis of quoted bid prices at the end of the last business day of the reporting period.

When the fair value of financial assets and the financial liabilities reported in the statement of financial position can not be determined on the basis of quoted prices in active markets, the management uses techniques to measure the fair value of financial instruments. In applying valuation techniques, the management uses as much as possible market data and assumptions that market participants would adopt in assessing a financial instrument. When no applicable market data is available, the management uses its best estimate of the assumptions that market participants would make. These estimates may differ from the actual prices that would be determined in a fair market transaction between informed and willing parties at the end of the reporting period.

Accounting estimates relating to insurance

Estimates of reported and not reported claims and the determination of the insurance reserves are reviewed and updated constantly, and all adjustments are reflected in the profit and loss. The process is based on the basic assumption that past experience, adjusted for the effects of current conditions and trends, is an appropriate basis for predicting the effects of future events. There is no reported data by operating segments (IFRS 8 Operating Segments) as the predominant source of risks and return is the general insurance and there is no separate external component to be used for evaluation on an individual basis.

2.25.6. Assets with right of use and liabilities under lease contracts

Management makes estimates based on its judgements regarding the identification of lease elements in contracts, probable lease terms, extension and termination options, determination of the differential interest rate, and other in recognition of “assets with right of use” and liabilities under leases. These estimates affect the reporting revenue, expenses, assets and liabilities under leases and related disclosures.

As a result of the uncertainty about these assumptions and estimates, changes may occur in the carrying amount of the assets with right of use, lease liabilities and reported expenses and revenue as a result of changes in re-valuations or amendments in leases.

3. INTEREST REVENUE FROM BANK OPERATIONS

	2020	*2019*
	BGN '000	***BGN '000***
Interest revenue		
Cash and cash equivalents	2,450	971
Loans and advances to banks	65,054	4,333
Investment securities at amortized cost	21,008	1,756
Investment securities at fair value through other comprehensive income (FVOCI)	105	9
Total	**88,617**	**7,069**

4. INTEREST EXPENSES FROM BANKING OPERATIONS

	2020	*2019*
	BGN '000	***BGN '000***
Interest expenses		
Deposits with banks	(275)	(27)
Customer deposits	(25,391)	(2,565)
Other interest expenses	(2,333)	(196)
Total interest expenses	**(27,999)**	**(2,788)**

5. FEE AND COMMISSION REVENUE FROM BANK OPERATIONS

	2020	*2019*
	BGN '000	***BGN '000***
Commission revenue		
Debit card transactions	25,252	2,109
Commissions on guarantees	719	51
Customer account management	7,588	694
Commissions for cash transactions	9,701	973
Other commissions	8,546	935
Total	**51,806**	**4,762**

6. EXPENSES FOR FEES AND COMMISSIONS FROM BANK OPERATIONS

	2020	*2019*
	BGN '000	***BGN '000***
Commission expenses		
Commissions for debit card services	(11,814)	(1,142)
Payment transactions with correspondent banks	(4,459)	(462)
Other commissions	(674)	(49)
Total	**(16,947)**	**(1,653)**

7. OTHER NET OPERATING REVENUE

	2020г. *BGN '000*	*2019* *BGN '000*
Dividend revenue on available for sale shares	27	-
Revenues from collection services	1,373	(116)
Other revenue from card transactions	497	48
Other revenue	51	8
Charges, fines and other sanctions	934	53
Total	**2,882**	**(7)**

8. EXCHANGE RATE DIFFERENCES FROM BANKING OPERATIONS

	2020 *BGN '000*	*2019* *BGN '000*
Revenue from foreign currency transactions, net	21,860	1,428
Foreign exchange gains	(1,225)	(116)
Revenue from financial operations, net	**20,635**	**1,312**

9. CHARGED IMPAIRMENT / REVERSAL OF IMPAIRMENT FROM BANKING OPERATIONS

	2020 *BGN '000*	*2019* *BGN '000*
Loans: Additional impairment	(7,346)	1,346
Loans: recovered	2,674	10,895
Other financial assets: Additional impairment	(3,879)	(141)
Other financial assets: recovered	410	(282)
Other assets	(721)	96
Impairment/loss recovery	**(8,862)**	**11,914**

10. EXPENSES UNDER INSURANCE OPERATIONS

CHANGES IN TECHNICAL (INSURANCE) RESERVES

	2020	*2019*
	BGN '000	***BGN '000***
Unearned premium reserve	(5,259)	(6,214)
Released premium reserve	5,847	5,831
Provisions for outstanding claims	(700)	(1,106)
Released provisions for outstanding claims	852	1,054
Unexpired risks reserve	(159)	(66)
Released unexpired risks reserve	14	69
Bonus and discount reserve	(21)	(8)
Released bonus and discount reserve	14	5
(Earmarked) / Released reserve fund	(379)	208
Total:	**209**	**(227)**

INSURANCE CLAIM INCURRED

	2020	*2019*
	BGN '000	***BGN '000***
Sickness insurance costs	(9,947)	(11,721)
Costs for settling claims	(579)	(428)
Total:	**(10,526)**	**(12,149)**

ACQUISITION COSTS	*2020*	*2019*
	BGN '000	***BGN '000***
Costs for agency commissions	(1642)	(1467)
Advertising costs	(48)	(84)
Total	**(1,690)**	**(1551)**
Total	**(12,007)**	**(13,927)**

11. REVENUE FROM OTHER BUSINESS SECTORS

11.1. Revenue from contracts with customers

For the period ended on 31 December 2020

Segments	**Construction**	**Winemaking**	**Trade in 'do it yourself' goods**	**Medical services**	**Detergents and household chemicals**	**Total**
	thousand BGN	*thousand BGN*	*thousand BGN*	*thousand BGN*	*thousand BGN*	*thousand BGN*
1. Types of services or goods						
- Grapes and wine		3133				3,133
- Detergents and household chemicals					3,081	3,081
- Retail trade			102,489			102,489
- Construction services	3853					3,853
- Health services				15,746		15,746
- Others	187		456			643
Total revenue from contracts with customers	**4,040**	**3,133**	**102,945**	**15,746**	**3,081**	**128,945**
2. Geographic markets						
- Domestic market	4,040	2,947	101,255	15,746	3,081	127,069
- Foreign markets		186	1,690			1,876
Total revenue from contracts with customers	**4,040**	**3,133**	**102,945**	**15,746**	**3,081**	**128,945**
3. Time to recognize revenue						
Goods transferred at some point in time		3,133	102,945		3,081	109,159

Services transferred over time	4,040			15,746		19,786
Total revenue from contracts with customers	**4,040**	**3,133**	**102,945**	**15,746**	**3,081**	**128,945**
4. Contract duration						
Short-term contracts	4,040	3,133	102,945	15,746	3,081	128,945
Total revenue from contracts with customers	**4,040**	**3,133**	**102,945**	**15,746**	**3,081**	**128,945**
5. Type of contract						
Fixed price contracts	4,040	3,133	102,945	15,746	3,081	128,945
Total revenue from contracts with customers	**4,040**	**3,133**	**102,945**	**15,746**	**3,081**	**128,945**

For the year ended on 31 December 2019

Segments	**Construction** *thousand BGN*	**Winemaking** *thousand BGN*	**Tailoring industry** *thousand BGN*	**Trade in 'do it yourself' goods** *thousand BGN*	**Medical services** *thousand BGN*	**Detergents and household chemicals** *thousand BGN*	**Total** *thousand BGN*
1. Types of services or goods							
- Clothing products			13				13
- Grapes and wine		2,797					2,797
- Detergents and household chemicals						2,095	2,095
- Retail trade				101,887			101,887
- Tailoring			460				460
- Construction services	7,044						7,044
- Health services					15,971		15,971

- Others	251			329			580
Total revenue from contracts with customers	**7,295**	**2797**	**473**	**102,216**	**15,971**	**2,095**	**130,847**
2. Geographic markets							
- Domestic market	7,295	2,666	473	100,531	15,971	2,095	129,031
- Foreign markets		131		1,685			1,816
Total revenue from contracts with customers	**7,295**	**2,797**	**473**	**102,216**	**15,971**	**2,095**	**130,847**
3. Time to recognize revenue							
Goods transferred at some point in time		2,797		102,216		2,095	107,108
Services transferred over time	7,295		473		15,971		23,739
Total revenue from contracts with customers	**7,295**	**2,797**	**473**	**102,216**	**15,971**	**2,095**	**130,847**
4. Contract duration							
Short-term contracts	7,295	2,797	473	102,216	15,971	2,095	130,847
Long-term contracts							0
Total revenue from contracts with customers	**7,295**	**2,797**	**473**	**102,216**	**15,971**	**2,095**	**130,847**
5. Type of contract							
Fixed price contracts	7,295	2,797	473	102,216	15,971	2,095	130,847
Total revenue from contracts with customers	**7,295**	**2,797**	**473**	**102,216**	**15,971**	**2,095**	**130,847**

The balances on contracts with customers are as follows:

	31 December 2020	*31 December 2019*
	BGN '000	***BGN '000***
Receivables from third party customers, net of impairment (Note No 34)	2,673	2,743
	2,673	**2,743**

11.2. Other revenue

For the period from 01 January to 31 December 2020

Segments	**Leasing of immovable and movable assets**	**Non-financial enterprises performing financial services**	**Total**
	thousand BGN	*thousand BGN*	*thousand BGN*
- Leasing of immovable property	299		299
- Financial services		5	5
Total other revenue	**299**	**5**	**304**
2. Geographic markets			
- Domestic market	299	5	304
- Foreign markets			
Total other revenue	**299**	**5**	**304**
4. Contract duration			
Short-term contracts		5	5
Long-term contracts	299		299
Total revenue from contracts with customers	**299**	**5**	**304**

For the period from 01 January to 31 March 2019

Segments	**Leasing of immovable and movable assets**	**Non-financial enterprises performing financial services**	**Total**
	thousand BGN	*thousand BGN*	*thousand BGN*
- Insurance services			
- Leasing of immovable property	362		362
- Financial services		13	13
Total other revenue	**362**	**13**	**375**
2. Geographic markets			-
- Domestic market	362	13	375
- Foreign markets			-
Total other revenue	**362**	**13**	**375**
4. Contract duration			
Short-term contracts		13	13
Long-term contracts	362		362
Total revenue from contracts with customers	**362**	**13**	**375**

12. EXPENSES FROM OTHER BUSINESS SECTORS

	2020	***2019***
	BGN '000	***BGN '000***
Costs of materials*	(9,091)	(8,965)
Carrying amount of disposed assets	(70,000)	(69,249)
Changes in stocks of finished goods and work in progress	(683)	(2,097)
Rejects and lack of fixed tangible assets, inventories and goods	(2,463)	(2,731)
Construction works	(2,477)	(3,296)
Total	**(84,714)**	**(86,338)**

	2020	***2019***
	BGN '000	***BGN '000***
Basic materials**	(5,772)	(5,594)
Electric Power	(1,109)	(1,199)
Fuels and lubricants	(254)	(425)
Materials for maintenance and repair	(235)	(220)
Gas, diesel and installations	(97)	(96)
Direct materials included in the cost of services	(55)	(94)
Advertising materials	(53)	(69)
Spare parts and technical materials	(45)	(41)
Heat energy (natural gas)	(50)	(65)
OHS	(119)	(83)
Water	(46)	(50)
Other	(1,051)	(847)
Consumables, stationery	(205)	(182)
Total	**(9,091)**	**(8,965)**

Costs of main materials by sectors include:	***2020***	***2019***
	BGN '000	***BGN '000***
Construction and production of building materials	(297)	(406)
Medical consumables and products	(2,925)	(3,328)
Winemaking	(693)	(733)
Detergents and household chemistry	(1,840)	(1,127)
Other	(17)	-
Total:	*(5,772)*	*(5,594)*

13. OPERATING AND ADMINISTRATIVE EXPENSES

	2020	***2019***
	BGN '000	***BGN '000***
Employee expenses	(65,870)	(31,664)
Total and administrative expenses**	(30,903)	(17,100)
Total:	**(96,773)**	**(48,764)**

Employee expenses	***2020***	***2019***
	BGN '000	***BGN '000***
Remunerations under employment contract	(48,326)	(25,118)
Remuneration of the Management Board/Board of Directors	(3,470)	(1,572)
Remunerations of the Supervisory Board	(1,047)	(504)
Audit Committee	(96)	
Accruals for unused paid leave	(2,913)	1,184
Social securities	(8,055)	(4,562)
Social benefits	(1,775)	(895)
Retirement benefits	(47)	(59)
Provisions for benefits at retirement	(141)	(138)
Total:	**(65,870)**	**(31,664)**

Total and administrative expenses**	***2020***	***2019***
	BGN '000	***BGN '000***
Rent and overheads	(3,962)	(621)
Advertisement and marketing	(3,484)	(2,959)
Civil law contracts	(2,627)	(2,550)
Contributions for the Deposit Guarantee Fund	(2,867)	(208)
Remuneration in the form of percentage of revenue	(471)	(1,005)
Telephones and similar	(249)	(265)
Legal services and notary fees	(274)	(303)
Consulting services and training	(1,190)	(341)
Subscriptions	(532)	(619)
Maintenance and repair	(2,719)	(1,491)
Depreciation of goods with low cost and short life components	(474)	(22)
Insurances	(217)	(216)
Postal and courier services	(2,465)	(234)
Audit	(390)	(355)
Commissions	(62)	(34)
Security	(596)	(557)
Taxes, fees, licenses and permits	(1,613)	(1,873)
Waste cleaning and disposal	(393)	(368)
Organization and dispatching of supplies		(475)
Business trips	(155)	(356)
Representation expenses	(207)	(214)
Donations	(12)	(31)
Written-off receivables	(661)	(100)
Right to build		(441)
Amounts awarded by a judicial decision	(124)	
Provisions	(1,167)	310
Costs for acquisition of investments		(138)
Other	(3,992)	(1,634)
Total:	**(30,903)**	**(17,100)**

14. OTHER FINANCIAL REVENUE AND EXPENSES, NET

	2020	***2019***
	BGN '000	***BGN '000***
Interest, net	(4,888)	(4,235)
Dividends/participations	483	480
Fair value of acquired investment		5,283
Net profit/(loss) from financial assets carried at fair value in profit or loss	(533)	(2,130)
Currency exchange differences, net	(1)	(1,463)
Reclassification (Note 15)		189
Other financial revenue/expenses	(350)	(403)
Total:	**(5,289)**	**(2,279)**

15. DEPRECIATION AND IMPAIRMENT

	2020	***2019***
	BGN '000	***BGN '000***
Depreciation	(23,283)	(11,468)
Impairment*	(3,576)	128
Total:	**(26,859)**	**(11,340)**

Impairment*

	2020	***2019***
	BGN '000	***BGN '000***
Recovered/accrued impairment of goods, products and work in progress, net	(92)	(116)
Recovered / charged impairment provision for credit losses under granted commercial loans, net	281	(189)
Net change in the corrective for impairment for credit loss of commercial, court and other receivables	(44)	210
Charged / (recovered) impairment of non-current assets (net)	(39)	223
Net change in investment impairment	(155)	
Impairment of goodwill	(541)	-
Impairment of other non-credit assets	(2,986)	-
Total:	**(3,576)**	**128**

16. OTHER OPERATING REVENUE/ (LOSS)

	2020	***2019***
	BGN '000	***BGN '000***
Revenue from sale of tangible fixed assets	*752*	*1,578*
Carrying amount of disposed tangible fixed assets	*(902)*	*(1,341)*
Profit from sale of tangible fixed assets	**(150)**	**237**
Revenue from sale of materials	*1,511*	*39*
Carrying amount of materials sold	*(1,209)*	*(36)*
Profit from sale of materials	**302**	**3**
Revenue from leases	683	737
Surplus assets	482	740
Revenue from advertising services	103	161
Written-off liabilities	56	92
Gains on de-recognition of non-financial assets	664	(143)
Revenue from financing	344	32
Revenue from change in fair value of investment property	-	247
Charged / (recovered) impairment of trade receivables and loans (net)	-	210
Impairment of inventories	-	(116)
Charged / (recovered) impairment of non-current assets (net)	-	(24)
Reclassification (Note 15)	-	(317)
Compensations received/paid	-	53
Other	585	223
Total:	**3,069**	**2,135**

16. PROFIT/LOSS FROM THE ACQUISITION/ DISPOSAL OF SUBSIDIARIES

For the period from 01 January to 31 December 2020 acquisitions and/or disposals are made of subsidiaries The Group incurred loss for the period, as follows:

Health Fund Zdrave EAD – BGN 11 thousand due to an issued liquidator's report for registration of a strike-off on 28 September 2020.

Acquisition of Ambulatory for Specialised Medical Aid - Medical Centre Sofia 2000 EOOD – BGN 52 thousand accumulated current loss until the acquisition date.

For the period from 01 January to 31 December 2019

Purchase of 3,856,722 shares from the capital of 'Moldindconbank' S.A.	**02 December 2019**
Percent of stake before purchase 0.00%	
Percent of stake after purchase 77.63%	
Profit/loss	**176,244**
Acquired net assets	**274,960**
Amounts paid/price	(98,716)
	176,244

Sale of 244570 shares from the capital of Riton-P AD	**12 September 2019**
Percent of capital held before purchase 83.14%	
Net assets at 30 June 2019	2,047
Share of net assets	1,702
Amounts paid/price	5
Loss from sale	(1,697)
Financial result in loss of control	(186)
Gains and losses arising on 30 June 2019	(1,016)
Result on disposal of investment in subsidiary	(495)
Exemption from current financial result	186
Net result	**(309)**

18. PROFIT/LOSS FROM DISCONTINUED OPERATIONS

	2020	***2019***
	BGN '000	***BGN '000***
Revenue from discontinued operations	7	22
Expenses under discontinued operations	(4)	(18)
Profit/loss from ceased operations	**3**	**4**

19. UNCONTROLLED PARTICIPATIONS – PROFIT/LOSS

Company	% participation	***31 December 2020*** ***BGN '000***	% participation	***31 December 2019*** ***BGN '000***

United Health Insurance Fund Doverie ZAD	1,85	53	1,85	3
Insurance Company Medico 21 AD	4,80	(38)	4,80	(29)
Doverie Brico AD	28,07	433	28,07	678
Maritsatex AD	45,64	(130)	45,64	(65)
Bilyana Triko AD	1,12	-	1,12	1
Novoselska Gamza AD	14,28	(19)	14,28	8
Dunav AD	18,18	(67)	18,18	(120)
Hydroizomat AD	6,66	2	6,66	4
Moldindconbank S.A.	22,37	8,393	22,37	1,976
Total		**8,627**		**2,456**

20. NET EARNINGS PER SHARE

	2020	***2019***
	BGN '000	***BGN '000***
Weighted average number of shares	18,736,099	18,736,099
Net profit/loss for the year (BGN'000)	21,350	177,358
	1.1395	**9.4662**
Net earnings per share (BGN)		

21. PROPERTY, PLANT, AND EQUIPMENT AND INSTALLATIONS

	Land	Land	Buildings	Buildings	Plants and equipment	Plants and equipment	Transport vehicles	Transport vehicles	Inventories	Inventories	In progress	In progress	Others, including biological assets	Others, including biological assets	Total	Total
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	BGN '000	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*	*BGN '000*
Book value																
Balance as at 1 January	**30,636**	**31,835**	**56,959**	**59,505**	**45,610**	**46,962**	**4,212**	**4,260**	**11,569**	**11,643**	**2,383**	**1,550**	**3,468**	**4,397**	**154,837**	**160,152**
Difference resulting from revaluation	-	(13)	(708)	(51)	(616)	-	(65)	-	(34)	-	(107)	-	-	-	(1,530)	(64)
Reclassification to IFRS 16 on 01 January	-	-	-	-	(104)	-	(1,339)	-	(107)	-	-	-	-	-	(1,550)	-
Balance at 01 January (recalculated)	30,636	31,822	56,251	59,454	44,890	46,962	2,808	4,260	11,428	11,643	2,276	1,550	3,468	4,397	151,757	160,088
Acquired	-	-	1,401	491	3,342	2,223	510	554	686	420	3,175	3,349	159	269	9,273	7,306
Fair value of assets acquired in a newly acquired subsidiary	-	-	-	-	5	-	-	-	-	-	-	-	-	-	5	-
Effect from revaluation to fair value	-	(140)	-	(1,282)	24	63	(180)	141	-	(3)	-	-	-	(1,038)	(156)	(2,259)
Transfer between accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Written-off	(342)	(1,049)	(782)	(1,718)	(1,681)	(1,473)	(115)	(763)	(1,194)	(524)	(3,409)	(1,498)	(23)	(184)	(7,546)	(7,209)
Written-off book value of assets on sale of subsidiaries	-	-	-	-	-	(2,712)	-	(79)	-	(38)	-	(3)	-	-	-	(2,832)
Transfer to property, plant and equipment	-	3	167	14	52	547	-	99	884	71	(1,129)	(1,015)	-	24	(26)	(257)
Balance as at 31 December 2020	**30,294**	**30,636**	**57,037**	**56,959**	**46,632**	**45,610**	**3,023**	**4,212**	**11,804**	**11,569**	**913**	**2,383**	**3,604**	**3,468**	**153,307**	**154,837**
Accumulated depreciation																
Balance as at 1 January	**-**	**-**	**13,581**	**13,368**	**21,839**	**22,506**	**1,133**	**1,473**	**9,295**	**9,387**	**-**	**-**	**955**	**1,040**	**46,803**	**47,774**
Reclassification to IFRS 16 on 01 January	-	-	-	-	(25)	-	(480)	-	(18)	-	-	-	-	-	(523)	-
Balance at 01 January (recalculated)	-		13,581		21,814		653		9,277		-		955		46,280	47,774
Accrued depreciation for the year	-	-	1,628	1,382	5,088	2,854	660	432	1,123	459	-	-	246	253	8,745	5,380
Effect from revaluation to fair value	-	-	-	(476)	-	(175)	-	(2)	-	-	-	-	-	-	-	(653)
Written-off depreciation	-	-	(175)	(693)	(1,560)	(994)	(41)	(707)	(1,120)	(527)	-	-	(21)	(184)	(2,917)	(3,105)
Revaluation	-	-	-	-	-	(8)	-	-	-	-	-	-	-	(154)	-	(162)
Written-off depreciation of assets on sale of subsidiaries	-	-	-	-	-	(2,344)	-	(63)	-	(24)	-	-	-	-		(2,431)
Balance as at 31 December 2020	**-**	**-**	**15,034**	**13,581**	**25,342**	**21,839**	**1,272**	**1,133**	**9,280**	**9,295**	**-**	**-**	**1,180**	**955**	**52,108**	**46,803**
Carrying amount as at 1 January	**30,636**	**31,835**	**42,670**	**46,137**	**23,076**	**24,456**	**2,155**	**2,787**	**2,151**	**2,256**	**2,276**	**1,550**	**2,513**	**3,357**	**105,477**	**112,378**
Balance as at 31 December 2020	**30,294**	**30,636**	**42,003**	**43,378**	**21,290**	**23,771**	**1,751**	**3,079**	**2,524**	**2,274**	**913**	**2,383**	**2,424**	**2,513**	**101,199**	**108,034**
	30,294	30,636	42,003	43,378	21,290	23,771	1,751	3,079	2,524	2,274	913	2,383	2,424	2,513	101,199	108,034

All encumbrances on property, plant and equipment are disclosed in details in item 43. 'LIABILITIES OF TRADE COMPANIES TO FINANCIAL INSTITUTIONS'

Additional disclosures related to non-current tangible assets

All amortization costs are included in the profit or loss within 'Costs for depreciation'.

At the date of the report an impairment review was carried out in compliance with the requirements of IAS 36 'Impairment of Assets' of all property, plant and equipment of the Group (Note 2.10).

22. RIGHT-OF-USE ASSET

	Buildings	***Buildings***	***Plant and equipment***	***Plant and equipment***	***Transport vehicles***	***Transport vehicles***	***Inventories***	***Inventories***	***Total***	
	31 December 2020 BGN '000	*31 December 2019 BGN '000*	*31 December 2020 BGN '000*	*31 December 2019 BGN '000*	*31 December 2020 BGN '000*	*31 December 2019 BGN '000*	*31 December 2020 BGN '000*	*31 December 2019 BGN '000*	*31 December 2020 BGN '000*	*31 December 2019 BGN '000*
Book value										
Balance as at 01 January 2020	**31,483**	**-**	**-**	**-**	**620**	**-**	**-**	**-**	**32,103**	**-**
Changes in opening balances in the first application of IFRS 16	-	22,417	-	-	-	795	-	-	**-**	23,212
Effect from IFRS 16 on 01 January	-	-	104	-	1,339	-	107	-	**1,550**	-
Currency adjustments reserve	(1,101)	-	-	-	-	-	-	-	**(1,101)**	-
Restated balance as at 01 January 2020	**30,382**	**22,417**	**104**	**-**	**1,959**	**795**	**107**	**-**	**32,552**	23,212
Acquired	14,744	12	-	-	486	61	-	-	**15,230**	73
Written-off	(981)	(299)	-	-	(397)	(236)			**(1,378)**	(535)
Impairment	(8)	-	-	-	-	-	-	-	**(8)**	-
Fair value of assets acquired in a newly acquired subsidiary	**-**	**9,354**	-	-	-	-	-	-	**-**	9,354
Balance as at 31 December 2020	**44,137**	**31,483**	**104**	**-**	**2,048**	**620**	**107**	**-**	**46,396**	32,103
Accumulated depreciation										
Balance at the beginning of the reporting period	***4,776***	**-**	**-**		207	-	**-**		**4,983**	**-**
Effect from IFRS 16 on 01 January	**-**	**-**	***25***	-	481	-	***18***	-	**524**	-
Currency adjustments reserve	***(298)***	**-**	**-**	**-**	-	-	**-**	**-**	**(298)**	-
Restated balance as at 01 January 2020	***4,478***	**-**	***25***	**-**	***688***	**-**	***18***	**-**	***5,209***	**-**
Accrued depreciation for the year	6,934	5,046	20		437	263	16		**7,407**	5,309
Currency adjustments reserve	(157)	-	-	-	-	-	-	-	**(157)**	-
Written-off depreciation	(627)	(270)			(297)	(56)			**(924)**	(326)
Balance at the end of the reporting period	**10,628**	**4,776**	**45**	**-**	**828**	**207**	**34**	**-**	**11,535**	**4,983**
Carrying amount as at 01 January 2020	**25,904**	**22,417**	**79**	**-**	**1,271**	**795**	**89**	**-**	**27,343**	**23,212**
Carrying amount at 31 December 2020	**33,509**	**26,708**	**59**	**-**	**1,220**	**413**	**73**	**-**	**34,861**	**27,121**

23. INVESTMENT PROPERTIES

	31 December 2020	*31 December 2019*
	BGN '000	*BGN '000*
Investment properties	**13,755**	**13,910**

- Studios in a residential building, Plovdiv – BGN 62 thousand (31 December 2019 – BGN 71 thousand and BGN 60 thousand). (31 December 2019 – BGN 70 thousand), stores Plovdiv – BGN 61 thousand (31 December 2019 – BGN 61 thousand) and BGN 41 thousand (31 December 2019 – BGN 41 thousand)
- Properties in a residential building, Plovdiv totalling BGN 279 thousand / garages with a total floor area of 293.43 sq.m - and outlets with a total area of 174.44 sq.m
- Building 5 sq.m, building 619 sq.m, separate facility in a building 303 sq.m and a plot of land 1,438 sq.m, all on the territory of Vratsa with carrying amount BGN 206 thousand
- As at 31 December 2020, the company holds 3 dca of farming lands evaluated at fair value, in the amount of BGN 3 thousand. The real estate is situated in the lands of the municipality of Bratya Daskalovi, Stara Zagora region, locality of Dolen Pyasak.
- Surveyed plot of land in Dobrich, amounting to BGN 440 thousand, owned by Doverie Capital AD (for 31/12/2019: BGN 460 thousand).
- Land and buildings in Ruse, 10, Captain Evstati Vinarov Str., amounting to BGN 2,055 thousand (incl. land for BGN 374 thousand) The total area of the land is 1864 sq.m., built-up area of the building is 3,470 sq.m. The latter is rented out for offices and a restaurant,
- Part of a ground floor of an administrative building in Ruse – cafe and store, amounting to BGN 45 thousand and BGN 34 thousand respectively
- Multifunctional sport facility, located in the underground floor of the building on 10, Captain Evstati Vinarov Str., amounting to BGN 121 thousand
- Two offices in the construction laboratory building, amounting to BGN 24 thousand and BGN 6 thousand in Ruse
- Land/zoned property (ZP) with a total area of 59,267 sq.m., amounting to BGN 6,197 thousand, located in Plovdiv, 144, Vasil Levski Str.
- Buildings with total area of 6,431 sq.m., amounting to BGN 678 thousand, located in Plovdiv, 144, Vasil Levski Str.

- On 14 February 2013 a Framework Agreement was signed between Bilyana Triko AD on the one side, Norman Hunter, Bilyana Knitwear EOOD, represented by Hristina Stamova and Bilyana Trading AD, represented by Hristina Stamova on the other hand as follows:

Bilyana Knitwear EOOD rents a plot of land with identifier 56126.600.282 together with the buildings with identifiers 56126.600.282.1 and 56126.600.282.2; in the reporting period the plot of land and the buildings are classified as investment property to the amount of BGN 3 443 thousand.

	Land	***Office space***	***Production facilities***	***Social facilities***	***Total***
Balance as at 01 January 2019	**8,379**	**3,316**	**1,801**	**141**	**13,637**
Acquired	-	-	-	121	121
Written-off	-	-	-	(72)	(72)
Fair value through profit or loss – not realised	203	18	18	(15)	224
Balance as at 31 December 2019	**8,582**	**3,334**	**1,819**	**175**	**13,910**
Written-off	(64)	-	-	(52)	(116)
Fair value through profit or loss – not realised	(20)	(19)	-	-	(39)
Balance as at 31 December 2020	**8,498**	**3,315**	**1,819**	**123**	**13,755**

Determining fair values of investment properties	level1	level2	level3	total
As oat 30 December 2020				
Investment properties		13.755		13,755
As at 31 December 2019	level1	level2	level3	total
Investment properties		13,910		13,910

24. GOODWILL

Company	***31 December 2020***	***31 December 2019***

	BGN '000	***BGN '000***
Insurance Company Medico 21 AD	612	1,153
Doverie Care EAD (Veko EOOD)	5,140	5,140
	5,752	**6,293**

The goodwill of Insurance Company Medico 21 AD after a management review was impaired by BGN 1200 thousand at 31 December 2008, by BGN 500 thousand at 31 December 2010, by BGN 78 thousand at 31 December 2011 and BGN 115 thousand, maturity 31 December 2015 and BGN 541 thousand, maturity 31 December 2020

The goodwill incurred in 2017 is a result of the acquisition of Doverie Care EAD (Veko EOOD).

25. OTHER INTANGIBLE ASSETS

	Software		***Patents and licenses***		***Main deposits***		***Intangible fixed assets under acquisition***		***Total***	
	31 December 20 20 BGN '000	*31 December 20 19 BGN '000*	*31 December 20 20 BGN '000*	*31 December 20 19 BGN '000*	*31 December 20 20 BGN '000*	*31 December 20 19 BGN '000*	*31 December 20 20 BGN '000*	*31 December 20 19 BGN '000*	*31 December 20 20 BGN '000*	*31 December 20 19 BGN '000*
Book value										
Balance at the beginning of the reporting period	***2,382***	***1,333***	***3,981***	***597***	***10,424***	***-***	***19***	***9***	***16,806***	***1,939***
Fair value of assets acquired in a newly acquired subsidiary		790		3,782	-	10,463	-	-	-	15,035
Acquired	697	319	969	86	-	-	20	14	1,686	419
Transfer	***5***	4	-	-	-	-	(5)	(4)	-	-
Written-off book value of assets on sale of subsidiaries		(42)		(387)			-	-	-	(429)
Written-off	***(39)***	(22)	(986)	(97)	-	-	-	-	(1,025)	(119)
Difference from adjustment	(71)		(325)		39	(39)	-		(357)	(39)
Balance at the end of the reporting period	**2,974**	**2,382**	**3,639**	**3,981**	**10,463**	**10,424**	**34**	**19**	**17,110**	**16,806**
Accumulated depreciation										
Balance at the beginning of the reporting period	***749***	**608**	**86**	**182**	436	-	**-**	**0**	**1,271**	**790**
Accrued depreciation for the year	880	202	1,020	138	5,231	436	**-**	**-**	7,131	776

Written-off depreciation of assets on sale of subsidiaries	-	(40)		(142)			-		-	(182)
Written-off depreciation	(780)	(21)	(246)	(92)	-	-	-	-	(1,026)	(113)
Difference from adjustment	(47)		(60)						(107)	-
Balance at the end of the reporting period	**802**	**749**	**800**	**86**	**5,667**	**436**	**-**	**0**	**7,269**	**1,271**
Carrying amount at the beginning of the reporting period	**1,633**	**725**	**3,895**	**415**	**9,988**	**-**	**19**	**9**	**15,535**	**1,149**
Carrying amount at the end of the reporting period	**2,172**	**1,633**	**2,839**	**3,895**	**4,796**	**9,988**	**34**	**19**	**9,841**	**15,535**

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss (equity instruments)

26.1. UNQUOTED EQUITY INVESTMENT

Unquoted equity investments represent shares (minority interests) in the capital of the following companies:

	31 December 2020		***31 December 2019***	
	BGN'000	*% participation*	***BGN'000***	*% participation*
Mr. Bricolage	9		9	
Engineering and Development Company AD	2,702	8,30	2,702	8,30
Melko International AD	1	0,03	1	0,03
Bilyana Trading AD	8	15,00	8	15,00
Hebros – P AD	-	-	1	19,50
Hydroizomat AD	1		1	
	2,721		**2,722**	

The Group holds direct and indirect interest:

- 8.30% in the capital of Engineering and Development Company AD, Dobrich

Investments in equity instruments are presented at cost decreased by recorded impairment. The Group has determined to use the acquisition cost, if appropriate under IFRS 9, usually there is no updated information and/or there is a wide range of possible estimates under certain circumstances.

26.2. QUOTED EQUITY INVESTMENT

	31 December 2020	*% of*	***31 December 2019***	*% of*
	BGN'000	*interest*	***BGN'000***	*interest*
Exclusive Property REIT	43	0.42	52	0.42
Sopharma AD	-	-	476	0.10
Sopharma Trading AD	5,652	4.76	8,851	4.79
Doverie – United Holding AD	-	-	7	0.01
Sopharma Property REIT	-	-	6	-
Government securities	389		1,161	
Compensatory bond	23		23	
	6,107		**10,576**	

Exclusive Property REIT

These financial statements present subsequent valuation of the investment in Exclusive properties AD at a stock price per share of BGN 1,07 or BGN 43 thousand for the 40,000 shares held /Note 11/

Sopharma Trading AD

At the date of the financial statements, the shares of Sopharma Trading AD are revalued in accordance with the accounting policies at fair value, namely: as the arithmetic mean of the highest bid price of the active orders at the end of the trading session on the Stock Exchange on the last business day of the month and the weighted average price of the security deals concluded for the same day. The price is determined in such a way only if there are bid price orders and signed deals. The fair value determined in this way for 1,020,138 shares is BGN 5.55 per share.

Hydroizomat AD

At the date of the financial statements, the stock market price of Hydroizomat AD is BGN 1.40 for 820 shares and for that value an assessment is applied recognized through profit or loss and other comprehensive income.

The hierarchy of fair valuesis presented in Note 48.

27. FINANCIAL ASSETS AT AMORTISED COST

	31 December 2020	***31 December 2019***
	BGN'000	***BGN'000***
Financial assets at amortised cost (government securities)	469,390	297,323
Minus: Impairment allowance	(12,349)	(5,283)
	457,041	**292,040**

Investments in government securities at 31 December 2020 represent:

- Treasury bills to the amount of BGN 462,140 thousand equivalence with maturity from 91 to 1825 days and government bonds from 1–5 years, issued by the Ministry of Finance of Republic of Moldova with an interest rate between 3.40 % and 5.49 % per annum.
- Government bonds to the amount of BGN 7,250 thousand equivalence with maturity from 1.546 to 6.745 days, issued by the Ministry of Finance of Republic of Moldova with an interest rate between 0.80 % and 2.30 % per annum.

At 31 December 2020 there aren`t any pledged government securities.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2020	***31 December 2019***

	BGN'000		*BGN'000*	
	% participation		**% participation**	
Central depositary of securities	0.41	9	0.41	10
Moldavian Stock Exchange	3	1	2.56	1
Visa INC		275	0.00003	259
CA Auto – Siguranţa SA		7	0.43	8
National Depository		123		
SWIFT	9	126	0.01	116
Biroul de credit SRL	-	-	8.93	138
BC 'Mobiasbanca Societe generale' SA		1,753		
State securities available for sale	-	-	-	1,702
		2,294		**2,234**

29. LOANS TO BANK CUSTOMERS

	31 December 2020	*31 December 2019*
	BGN'000	***BGN'000***
Loans	760,862	776,491
Other financial assets	6,023	150,684
Loans, total	**766,885**	**927,175**
Minus: Discount for loss of value of loans	(28,247)	(26,622)
Minus: Discount for loss of value of other financial assets	(12)	(6,355)
	738,626	**894,198**

29.1. The analysis of the loan portfolio by industry is presented below:

	31 December 2020	***31 December 2019***
	BGN '000	***BGN '000***
Agriculture	32,946	27,822
Extractive industry	32	16
Manufacturing industry	76,908	89,892
Electricity generation, heating, gas, water	916	602
Water distribution, sewerage	109	2,270
Construction	20,691	24,497
Trade, maintenance and repair of motor vehicles	6,547	7,707
Wholesale of grain, seeds and animal feeds	10,799	12,592
Food trade	66,071	68,503
Trade in pharmaceutical products	22,576	24,004
Trade in construction materials	22,773	24,135
Trade in fuel	7,623	19,201
Trade in other goods	42,191	37,170
Transportation	13,804	16,387
Hotel and restaurant management	2,530	2,645
Information and telecommunication	9,623	15,570
Financial activity, insurance	51,410	55,728
Dealing in real estate	172,454	148,395
Professional, scientific and technical service activities	708	90
Administrative services ad spot	646	921
Public administration	1,082	794
Education	1,365	483
Separate loans	190,152	179,636
Health and social care	6,291	7,376
Leisure activities	560	864
Other services	55	9,191
	760,862	**776,491**

29.2. Other financial assets

Cash granted as deposits to other banks in the amount of BGN 6,023 thousand.

30. OTHER BANK ASSETS

	31 December 2020	*31 December 2019*
	BGN '000	*BGN '000*
Payments with legal and individuals	2,791	3,468
Non-interest revenue	729	583
Payments under foreign exchange transactions	448	576
Other prepaid expenses	293	341
Other budget payments	2,002	2,329
International transfers and cheques	2,299	1,701
Other inventories	1,001	953
Bank card transactions	4,295	3,450
Payments related to intangible assets	257	80
Debtors on capital investments	102	52
Other assets	2,962	2,719
	17,179	**16,252**
Minus: Provisions for impairment of other assets	(2,641)	(2,731)
	14,538	**13,521**

31. ASSETS FOR SALE

	31 December 2020	*31 December 2019*
	BGN '000	*BGN '000*
Assets held for sale	26,116	30,712
Minus: Provision for impairment of borrowers	(7,696)	(5,216)
Assets for sale	**18,420**	**25,496**

32. DEFERRED TAX ASSETS

	Temporary difference **31 December 2020**	*Tax* **31 December 2020**	*Temporary difference* **31 December 2019**	*Tax* **31 December 2019**
	BGN '000	***BGN '000***	***BGN '000***	***BGN '000***
Property, plant and equipment	(27,167)	(2,875)	(38,203)	(4,154)
incl. revaluation reserve	(23,546)	(2,513)	(21,814)	(2,181)
Biological assets	(286)	(28)	(286)	(28)
Intangible assets	(515)	(51)	(473)	(47)
Investment properties	(1,055)	(106)	(1,060)	(106)
Other intangible assets	(4,796)	(576)	(9,988)	(1,199)
Financial assets at amortised cost	(2,356)	(283)	(2,356)	(283)
Loans to bank customers	(14,825)	(1,779)	(14,825)	(1,779)
Investments in shares	-	-	(118)	(12)
Total deferred tax liabilities	**(51,000)**	**(5,698)**	**(67,309)**	**(7,608)**
Inventories	176	18	202	20
IFRS 16	441	45	259	26
Investment properties	147	14	123	12
Non-current assets for sale	2,081	247	1,942	233
Investments in shares	8,799	881	8,012	801
Liabilities to personnel	885	89	4,086	471
Receivables	(176)	(19)	830	83
Provisions	853	85	4,588	521
Loss subject to carry-over	7,719	772	12,671	1,268
Weak capitalization	6,169	617		
Accruals under obligations to third parties	345	33	786	79
Total deferred tax assets	**27,439**	**2,782**	**33,499**	**3,514**
Net balance of deferred profit taxes	**(23,561)**	**(2,916)**	**(33,810)**	**(4,094)**

Deferred tax assets are not recognized with respect to:

	Temporary difference **31 December 2020**	*Tax* **31 December 2020**	*Temporary difference* **31 December 2019**	*Tax* **31 December 2019**
	BGN '000	***BGN '000***	***BGN '000***	***BGN '000***
Impairment of assets	2,111	211	2,111	211
	2,111	**211**	**2,111**	**211**

Deferred tax (liabilities)/assets	***Balance as at 01 January 2020***	***Recognized in the income statement***	***Recognized in equity***	***Recognized in equity and current tax return***	***Acquired companies during the period***	***Disposed companies during the period***	***Balance at 31 December 2020***
	BGN '000	***BGN '000***	***BGN '000***	***BGN '000***	***BGN '000***	***BGN '000***	***BGN '000***
Property, plant and equipment	(4,154)	1,202	40	37	-	-	(2,875)
Biological assets	(28)						(28)
IFRS 16	26	19	-	-	-	-	45
Non-current assets for sale	233	14	-	-	-	-	247
Investment properties	(94)	2	-	-	-	-	(92)
Other intangible assets	(1,199)	623	-	-	-	-	(576)
Financial assets at amortised cost	(283)	-	-	-	-	-	(283)
Loans to bank customers	(1,779)	-	-	-	-	-	(1,779)
Inventories	20	(2)	-	-	-	-	18
Intangible assets	(47)	(4)	-	-	-	-	(51)
Liabilities to personnel	471	(382)	-	-	2	(2)	89
Receivables	83	(102)	-	-	-	-	(19)
Provisions	521	(436)	-	-	-	-	85
Losses subject to deduction	1,016	(244)	-	-	-	-	772
Weak capitalization	252	365					617
Accruals under obligations to third parties	79	(46)	-	-	-	-	33
Investments in shares of companies	789	92	-	-	-	-	881
	(4,094)	**1,101**	**40**	**37**	**2**	**(2)**	**(2,916)**

Deferred tax (liabilities)/assets	***Balance as at 01 January 2019***	***Recognized in the income statement***	***Recognized in equity***	***Acquired companies during the period***	***Disposed companies during the period***	***Balance at 31 December 2019***
	BGN '000	***BGN '000***	***BGN '000***	***BGN '000***	***BGN '001***	***BGN '000***
Property, plant and equipment	(2,511)	171	(815)	(1,041)	14	(4,182)
IFRS 16	-	26		-	-	26
Non-current assets for sale	-	233	-	-		233
Investment properties	7	(101)	-	-	-	(94)
Other intangible assets	-	-	(1,199)	-	-	(1,199)
Financial assets at amortised cost	-	(283)	-	-	-	(283)
Loans to bank customers	-	(1,779)	-	-	-	(1,779)
Inventories	41	(3)	-	-	(18)	20
Intangible assets	(17)	(3)	-	-	(27)	(47)
Liabilities to personnel	108	(1)	-	373	(9)	471
Receivables	79	4	-	-	-	83
Provisions	59	84	-	378	-	521
Losses subject to deduction	1,792	(776)	-	-	-	1,016
Weak capitalization	-	252	-	-	-	252
Accruals under obligations to third parties	91	(12)	-	-	-	79
Investments in shares of companies	796	(7)	-	-	-	789
	445	**(2,195)**	**(2,014)**	**(290)**	**(40)**	**(4,094)**

33. INVESTMENTS, RECOGNIZED ACCORDING TO THE EQUITY METHOD IN ASSOCIATES

DKC Medico AD

On 1 March 2019 additional 2,721 shares of the capital of DKC Medico AD, V. Tarnovo were acquired, whereby the directly held interest by the Group reached 30.23 %. The investment is reclassified by Note 25.1 as at 31 December 2019 and is presented according to the equity method.

The table below presents summary financial information for the associate company DCC Medico AD

	31 December 2019
	BGN'000
Non-current assets	
Property, plant and equipment	2 665
Current assets	
Inventories	25
Trade and other receivables	187
Cash	75
Future-period expenses	11
Non-current liabilities	
Liabilities to financial companies including:	(252)
Other non-current liabilities	(18)
Current liabilities	
Liabilities to related entities	(19)
Liabilities to financial companies	(49)
Liabilities to suppliers and clients	(151)
Current part of non-current receivables	(26)
Liabilities to personnel	(77)
Liabilities to social insurance companies	(24)
Tax liabilities	(26)
Other non-current liabilities	(27)
Net assets	**2,294**

Summary of the statement of comprehensive income	**2019**
	BGN'000
Net profit/loss for the year	(177)
Total other comprehensive income for the year	**(177)**

DKC Medico AD	**31 December 2019**
	BGN'000
Net assets	2,294
Group share (%)	30.23%
Carrying amount of the investment as at 31 December	**693**

On 7 October 2020 all the shares held by Doverie United Holding AD and Industrial Holding Doverie AD are sold and for this reason in the present statement the investment is deconsolidated.

34. TRADE RECEIVABLES

	31 December 2020 BGN '000	*31 December 2019 BGN '000*
Related parties receivables	731	1,119
Receivables from clients	2,673	2,743
Advances	701	741
Litigation	36	251
Ruled by court receivables	6	273
Refundable taxes, incl.	113	83
profit tax	*113*	*34*
VAT	-	*49*
Receivables from investment transactions	736	1,451
Other	1,361	1,789
Prepayments*	429	494
Total:	**6,786**	**8,944**

Prepayments*

	31 December 2020 BGN '000	*31 December 2019 BGN '000*
Prepaid advertisement costs	107	175
Insurances	82	71
Subscriptions	62	59
Other	178	189
Total:	**429**	**494**

Related parties receivables are:

United Health Insurance Fund Doverie ZAD AD – receivables not yet due at maturity, in the amount of BGN 62 thousand, reported in accordance with

special legislation.

Industrial Holding Doverie AD

Company	Purpose of granted loan	Agreed amount of loan BGN'000	Repayment deadline	Interest %	Total receivables as at the end of the reporting period BGN'000	incl. non-current part BGN'000	Current part, including interest and fees BGN'000
Darik Holding AD	working capital	1000	19.10.2021	3.10%	602		602
					602		602

The loan is secured with a suretyship on the part of R. Radev in his capacity of a natural person.

Occupational Health Doverie AD – BGN 3 thousand from receivables under occupational medicine contracts;

Doverie Care EAD – BGN 1 thousand receivable from Sopharma Trading AD;

Hydroizomat AD – BGN 46 thousand. Receivables from Sopharmacy 17 EOOD

Multiprofile Hospital for Active Treatment Doverie AD – BGN 17 thousand receivable from Momina Krepost AD.

35. INVENTORIES

	31 December 2020 BGN '000	*31 December 2019 BGN '000*
Materials	1,916	3,018
Production	2,619	4,446
Goods	25,092	26,361
Work in progress	3,904	1,932
Total:	**33,531**	**35,757**

36. CASH AND CASH EQUIVALENTS

	31 December 2020 BGN '000	*31 December 2019 BGN '000*
Cash and balances with the National Bank of Moldova*	447,199	535,522
Mandatory reserves with the National Bank of Moldova**	130,621	73,295
Current accounts and bank deposits with banks***	151,529	20,856
Cash in current accounts with banks	12,731	8,052
Cash at hand	287	458
Cash equivalents/vouchers	-	9
Blocked cash	119	103
Total:	**742,486**	**638,295**

Cash and balances with the National Bank of Moldova*

	31 December 2020 BGN '000	*31 December 2019 BGN '000*
Cash	116,763	122,515
Current accounts with the National bank	330,816	413,482
Minus: Write-down for impairment	(380)	(475)

	447,199	**535,522**

Mandatory reserves with the National Bank of Moldova**

	31 December 2020	*31 December 2019*
	BGN '000	***BGN '000***
Mandatory reserves	130,771	73,379
Minus: Write-down for impairment	(150)	(84)
	130,621	**73,295**

Current account and reserve requirements

Starting 16 January 2020, the new regulation on the required reserve regime approved by EU NBM No 302 of 28 November 2019, which provides for an expansion of the currency range of the bank's liabilities, out of which the mandatory reserves can be formed in MDL, and the need of a more flexible maintenance of the mandatory reserves in a foreign currencies by the establishment of a partial averaging regime.

As at 31 December 2020 the percentage for calculation of the minimum volume of the reserves is 32% for resources attracted in MDL and a foreign currency, included in the calculation basis, and the amount of the mandatory reserves in MDL and 30% for resources attracted in convertible currencies, including on the basis of the calculation and the amount of the mandatory reserves in USD and EUR (31 December 2019: 42.5% for resources borrowed in MDL and non-convertible currencies and 17% for resources borrowed in a convertible currency).

The bank maintains its considerable reserves under the current account opened with the National Bank of Moldova, in the amount of 32% of the funds borrowed in MDL and foreign currency, provided that a reservation is made in MDL.

The mandatory reserves amounting to 30% of the borrowed funds in a convertible currency included in the calculation basis and the amount of the mandatory reserves in USD and EUR and kept in special mandatory reserve accounts of the National Bank of Moldova. One part of them, 5 per cent of the established level of mandatory reserves in USD and EUR is variable and is maintained at an average level, while the other part is kept constant. On 31 December 2020 the balance under the current account opened with the National Bank of Moldova in the amount of MDL'000 3,572,152 (31 December 2019: MDL'000 4,064,501) includes mandatory reserves in MDL amounting to MDL'000 3,493,883.

The balance reserved in the USD and EUR mandatory reserve accounts is, USD'000 19,593 and EUR'000 51,020 (31 December 2019: USD'000 11,602 ,EUR'000 27,169 EUR), respectively.

The interest rate offered by the National Bank of Moldova for the funds in the mandatory reserve accounts in 2020 will be 0.01% per annum for reserves in a foreign currency and from 2.5% to 0.15% for MDL reserves (in 2019 - from 0.01% to 0.36% in a foreign currency and from 2.5% to 4.5% for MDL reserves).

The mandatory reserves kept in current accounts with the National Bank may be used by the bank in its current activity.

Current accounts and bank deposits with banks***

	31 December 2020	***31 December 2019***
	BGN '000	***BGN '000***
Current accounts	11,491	21,378
Overnight deposits (1 day) in non-related banks	140,233	-
	151,724	**21,378**
Minus: Discount for loss of value	(195)	(522)
	151,529	**20,856**

In 2020, the following accounts were closed:

- 3 NOSTRO correspondent accounts in USD, EUR and RUB in the Eurasian Bank, Kazakhstan;
- in Commercial Bank Doverie, Latvia - 2 NOSTRO correspondent accounts in USD and EUR;
- one NOSTRO correspondent account in UAH in Private Bank, Ukraine;
- one NOSTRO correspondent account in EUR - Yinzhou Bank, China;
- Three Loro correspondent accounts in EUR, RUB and UAH belonging to Eurocreditbank, Moldova
- Two Loro correspondent accounts in MDL and EUR belonging to Muganbank, Azerbaijan.
- At the same time 3 NOSTRO accounts in USD, EUR, CNY were opened in commercial bank Zhejiang Chuzhou, China and 4 NOSTRO accounts: in USD , EUR, RUB and BYR were opened with BTA Bank, Belarus.

Blocked cash is established bank performance bonds – BGN 21 thousand.
Guarantees under management contracts – BGN 69 thousand.
Pledge under an investment credit – BGN 29 thousand.

37. CAPITAL AND RESERVES

	31 December 2020	***31 December 2019***
	BGN '000	***BGN '000***

Share capital	18,736	18,736
Legal reserves	1,874	1,874
Additional reserves	13,019	11,519
Revaluation reserve	22,510	23,930
Share premium	581	581
Currency adjustment reserve	(25,741)	(1,102)
Accumulated profit	218,933	197,680
Total	**249,912**	**253,218**

Share capital

As at 31 December 2020 the capital is distributed into 18,736,099 ordinary book-entry voting shares, each having a par value of BGN 1. The shares are tradable on the Bulgarian Stock Exchange.

Statutory reserves are formed by a distribution of profits and include distributions for the Reserve Fund. The ceiling determined by the Commercial Act is reached.

Additional reserves are formed from profit distributions in accordance with the decisions of the General Meeting of Shareholders.

Revaluation reserve is formed on the basis of the revaluations at 31 December 2001, 31 December 2004, 31 December 2007, 31 December 2010, 31 December 2013, 31 December 2016 and at 31 December 2019 of tangible fixed assets by independent licensed appraisers. It contains the positive difference between the book value of the fixed tangible assets and their new fair value for all group companies. Revaluation reserve is presented net by the deferred tax effect.

Accumulated profit

	31 December 2020 BGN '000	***31 December 2019 BGN '000***
Accumulated profits/losses for past reporting periods (consolidation reserves)	197,583	20,322
Current profit /loss	21,350	177,358
Total	**218,933**	**197,680**

38. INSURANCE RESERVES

The annual consolidated statement as at 31 December 2020 presents also insurance reserves formed under the procedure of the special insurance legislation. These reserves are not an element of equity and are not treated as shareholders' property.

	31 December 2020 *BGN '000*	*31 December 2019* **BGN '000**
Unearned premium provision	4,987	5,576
Outstanding claim reserve	1,617	1,678
Reserve fund	391	12
Bonus and discount reserve	15	8
Unexpired risks reserve	158	13
Reserve for settling claims	-	40
Total:	**7,168**	**7,327**

39. NON-CONTROLLING PARTICIPATIONS

Company	% participation	*31 December 2020* *BGN'000*	% participation	*31 December 2019* *BGN'000*
United Health Insurance Fund		268		
Doverie ZAD	1,85		1,85	227
Insurance Company Medico 21 AD	4,80	259	4,80	302
Doverie Brico AD	28,07	11,772	28,07	11,384
Maritsatex AD	45.64	371	45.64	503
Bilyana Triko AD	1,12	52	1,12	52
Novoselska Gamza AD	14,28	138	14,28	156
Dunav AD	18,18	518	18,18	637
Hydroizomat AD	6,66	331	6,66	321
Moldindconbank S.A.	22,37	82,654	22,37	80,638
Total		**96,363**		**94,220**

40. BANK CUSTOMER DEPOSITS

	31 December 2020 *BGN'000*	*31 December 2019* *BGN'000*
Legal entities		
Current accounts	373,465	325,491
Term deposits	43,633	46,331

	417,098	**371,822**
Individuals		
Current accounts	513,963	412,449
Term deposits	593,168	646,265
	1,107,131	**1,058,714**
	1,524,229	**1,430,536**

As at 31 December 2020, the first 10 corporate depositors account for approximately 19.0% (31 December 2019 - 17.9%) of the total amount of the corporate deposits, which is equal to MDL'000 833, 764 (31 December) 2019 - MDL'000 655,663).

The term-deposit portfolio of legal entities of the Bank does not include deposits with the right of early termination of the deposit agreement with payment of the accrued interest. The accrued interests will not be paid under such deposits in case of early termination of the agreement.

In the deposit portfolio of legal entities as at 31 December 2020, MDL'000 29,809 are deposits of legal entities under bankruptcy cases, which are registered in special accounts that are released - in accordance with the effective legislation - from coercive measures.

As at 31 December 2020, the 10 largest depositors - natural persons account for approximately 1.53% (31 December 2019 - 1.76%) of the total amount of the deposits of natural persons, which is equal to MDL'000 182,481 (31 December 2019 - MDL'000 183,337).

The term-deposit portfolio does not include deposits that provide for a direct right to early termination of the deposit contract with payment of accrued interests, on which - in case of early termination of the agreement - the accrued interests are not paid, except for the 'Grandioso 60 months' deposits in case of termination of the deposit contract, the interests accrued are paid in part depending on the moment of termination, and namely: after 12 months - 50%; after 24 months - 60%; after 36 months - 70%; after 48 months - 80%; after 60 months - 100% and 'For adult children' for these in case of termination of the deposit contract after 12 months from the date of the deposit, the calculated interest is paid in part in the amount of 50%.

41. FUNDS BORROWED BY THE BANK FROM OTHER FINANCIAL INSTITUTIONS

	31 December 20 20	***31 December 2019***
	BGN '000	***BGN '000***
DLC credits (letter of credit) with floating interest rate, payable 2017/2026	22,241	29,044

AID credits with floating interest rate, payable 2020	-	10
FIDA floating interest rate credits owed for 2017/2023 year	105	656
MCA Moldova credits with floating interest rate, payable 2017/2021	1,376	1,600
	23,722	**31,310**

42. LIABILITIES TO RELATED PARTIES

	31 December 2020 BGN '000	*31 December 2019 BGN '000*
Total:	**77,695**	**109,655**

- obligation under loans from Sopharma AD under the following conditions:

Agreed amount of loan:	BGN 1,385 thousand
Interest rate:	3.33 %
Maturity:	31 December 2022
Credit currency	BGN
Purpose of the loan:	working capital
Liability as at 31/12/2020, including:	**BGN 1,405 thousand**
Principal	BGN 1,385 thousand
Interest – current portion	BGN 20 thousand

Agreed amount of loan:	BGN 190 thousand
Interest rate:	3.5 %
Maturity:	31 December 2021
Credit currency	BGN
Purpose of the loan:	working capital
Liability as at 31/12/2020, including:	**BGN 47 thousand**
Principal	BGN 47 thousand
Interest – current portion	- thousand BGN).

Agreed amount of loan:	BGN 81,900 thousand
Interest rate:	3.00%
Maturity:	31 December 2025
Purpose of the loan:	working capital
Liability as at 31 December 2020, including:	**BGN 58.438 thousand**

Principal	BGN 57.468 thousand
Interest – current portion	BGN 970 thousand

Agreed amount of loan:	BGN 5,990 thousand
Interest rate:	3.30 %
Maturity:	31 December 2021
Credit currency	BGN
Purpose of the loan:	working capital
Liability as at 31/12/2020, including:	**BGN 6.029 thousand**
Principal	BGN 5.988 thousand
Interest – current portion	BGN 41 thousand

- obligation under loans from TELSO AD under the following conditions:

Agreed amount of loan:	BGN 2,020 equivalence
Interest rate:	3%
Maturity:	18/12/2022
Credit currency	BGN
Purpose of the loan:	working capital
Liability as at 31/12/2020, including:	**BGN 2.083 thousand**
Principal	BGN 2.020 thousand
Interest – current portion	BGN 63 thousand

Agreed amount of loan:	BGN 2.500 thousand
Interest rate:	3%
Maturity:	09/05/2021
Credit currency	BGN
Purpose of the loan:	working capital
Liability as at 31/12/2020, including:	**BGN 2.623 thousand**
Principal	BGN 2.500 thousand
Interest – current portion	BGN 123 thousand

Agreed amount of loan:	BGN 6.000 thousand
Interest rate:	3%
Maturity:	31/12/2025
Credit currency	BGN

Purpose of the loan:	working capital
Liability as at 31/12/2020, including:	**BGN 6.339 thousand**
Principal	BGN 6.000 thousand
Interest – current portion	BGN 339 thousand

- Multiprofile Hospital for Active Treatment Doverie AS – liability to Sopharma Trading AD to the amount of BGN 619 thousand for purchase of medications and supplies;
- Ambulatory for specialised medical aid - Medical Centre Sofia 2000 EOOD – obligation to Sopharma Trading AD in the amount of BGN 8 thousand for purchase of medicines and consumables;
- Maritsatex AD – liability to VLS AD for provision of services – BGN 46 thousand;
- Doverie Care EAD –liability to Sopharma AD for purchases for BGN 58 thousand.

43. LIABILITIES OF TRADE COMPANIES TO FINANCIAL INSTITUTIONS

	31 December 2020 BGN'000	*31 December 2019 BGN'000*
Total:	**58.402**	**23,554**

Loans received from financial institutions are presented in the statement of financial position as non-current – BGN 37,719 thousand and current – BGN 20,683 thousand.

Company	**Utilized part**	**Bank**	**Utilized part**
Multiprofile Hospital for Active Treatment Doverie AD	1,011	Allianz Bank Bulgaria AD	463
MC Doverie AD	412	UniCredit Bulbank AD	30,033
Dunav AD	424	UBB AD	16,267
Novoselska Gamza AD	230	Eurobank Bulgaria AD	1,847
Bulgarian wine OOD	233	International Bank for Economic Co-operation	9,792

Doverie Brico AD	12,499		
Doverie Care EAD	3,768		
Doverie – United Holding AD	39,825		
Total:	**58,402**	**Total:**	**58,402**

Company	Type of cur-rency	Type of credit	Agreed amount of the credit in BGN'000	Utilized part of the credit, BGN'000	Long-term part, BGN'000	Short-term part, BGN'000	Interest rate	Security (market evaluation)	Maturity date
Multiprofile Hospital for Active Treatment Doverie AD	BGN	Investment	3,000	1,011	260	751	Reference Interest Rate + 1.9%, minimum 2,9%	1. First-ranking pledge established pursuant to the provisions of the Special Pledges Act in favour of EUROBANK BULGARIA AD over Robotised Operation System Da Vinci Si-e HD 3 arm. With a defined market value under a concluded special pledge contract concerning individually determined chattels with No.100-22-17-2/27 November 2017 in the amount of EUR 1.496 thousand. 2. First-ranking pledge established under the Financial Collateral Contracts Act over the cash receivables of Multi-profile Hospital for Active Treatment Doverie AD envisaged in the concluded contract for special pledge of receivables and available funds No 100-2217-1/27 November 2017. 3. Suretyship by Do-verie United Holding AD, in accordance with con-cluded suretyship contract No 100-22117-1/31 January 2018. 4. Suretyship by Sopharma Trading AD, in accordance with suretyship contract No 100-2217-2/26 February 2018.	15 April 2022
Multiprofile Hospital for Active Treatment Doverie AD	BGN	Overdraft	500	0	0	0	Base index for legal entities +1.60, but no less than 2.6%	Present and future receivables of MHAT and MC to the National Health Insurance Fund and all other receivables under accounts of the company with Eurobank AD. Suretyship of Doverie United Hold-ing AD, which will be entered into up to 90 days after the signing of the credit contract	10 August 2021
MC Doverie AD	BGN	Overdraft	240	0	0	0	Base index for legal entities +1.60, but no less than 2.6%	Present and future receivables of MHAT and MC to the National Health Insurance Fund and all other receivables under accounts of the company with Eurobank AD. Suretyship of Doverie United Hold-ing AD, which will be entered into up to 90 days after the signing of the credit contract	10 August 2021

MC Doverie AD	BGN	Investment	630	412	292	120	Base index for legal entities +1.90, but no less than 2.9%	1. Special pledge under the Special Pledges Act – medical equipment having a market value of EUR 331,209.77 2. Receivables against the National Health Insurance Fund. 3. Present and future receivables and available funds in bank accounts of Multiprofile hospital for active treatment Doverie AD. 4. Suretyship of Doverie – United Holding AD, which will be entered into up to 90 days after the contract conclusion date. 5. Suretyship by Multiprofile hospital for active treatment Doverie AD.	21 June 2024
Bulgarian wine OOD	BGN	Overdraft	100	0		0	Base deposit index for legal entities +2.95%, but no less than 3.1%	Second-ranking contractual mortgage over a wine cellar and a snack bar (administrative building) having total floorage of 3,282 sq.m. together with a regulated land plot in the locality of Dalbok Andak having an area of 6,499 sq.m., plot No 30 of massif 19, real estate No 019030 in the village of Smochevo, Rila municipality, property of Bulgarian Wine OOD; Suretyship of IHD AD; Suretyship of DOH AD	25 May 2021/with an option for extension 25 March 2027.
Bulgarian wine OOD	BGN	Investment/41482	400	124	79	45	Base deposit index for legal entities +2.95%, but no less than 3.1%	Second-ranking contractual mortgage over a wine cellar and a snack bar (administrative building) having total floorage of 3,282 sq.m. together with a regulated land plot in the locality of Dalbok Andak having an area of 6,499 sq.m., plot No 30 of massif 19, real estate No 019030 in the village of Smochevo, Rila municipality, property of Bulgarian Wine OOD; Suretyship of IHD AD. Suretyship of DOH AD	25 October 2023
Bulgarian wine OOD	BGN	Investment/42386	300	109	76	33	Base deposit index for legal entities +2.95%, but no less than 3.1%	Second-ranking contractual mortgage over a wine cellar and a snack bar (administrative building) having total floorage of 3,282 sq.m. together with a regulated land plot in the locality of Dalbok Andak having an area of 6,499 sq.m., plot No 30 of massif 19, real estate No 019030 in the village of Smochevo, Rila municipality, property of Bulgarian Wine OOD; Suretyship of IHD AD. Suretyship of DOH AD	25 March 2024
Dunav AD	BGN	Line of Credit	200	0	0	0	Reference Interest Rate + 2.65%	Land plots with identifiers 63428.8.948, 63247.8.653, 63427.8.1092,63427.8.1091	27 September 2021

Dunav AD	BGN	Credit line for the issue of a bank guarantee	200	0	0	0	0.35% over the amount of the issued guarantees	Land plots with identifiers 63428.8.948, 63247.8.653, 63427.8.1092,63427.8.1091	27 September 2023
Dunav AD	BGN	Overdraft	400	0	0	0	Reference Interest Rate + 2.65%	Land plots with identifiers 63428.8.948, 63247.8.653, 63427.8.1092,63427.8.1091	27 September 2021
Dunav AD	BGN	Investment	1,150	424	424	0	Base - PRIME Business clients - 1%. Margin 1.5%, but no less than 2.5%	a) Mortgage over: 'Real Estate 1' A land plot with identifier 63427.2.492 having an area of 1181 sq.m., together with buildings constructed on the real estate; 'Real Estate 2': real estates intended for construction and situated in 'Multi-family residential building with an underground parking and external water-supply and sewerage connections', as on the Marie Louise str., a 6-storey high building, a on the Volovishte str. - 5-storey high having a total floorage of the building, including parking places and warehouses in the basement and floors with bevels above the cornice level, of up to 3,012.92 sq.m.. for residences and up to 666,32 sq.m. for parking places, which building will be constructed in a land plot with identifier 64327,2,5826 with the following address of the land plot: City of Ruse, 46 Marie Louise str., with an area of 799 sq.m. b) Pledge - a special pledge under the Special Pledges Act over: 'Pledge 1' All present and future receivables of Danube AD to the Bank for the funds available under a current account with IBAN BG 37 BPBI 7921 10 45286805 opened with the Bank, including for the interests accrued under it. 'Pledge 2' All present and future monetary receivables of the Borrower from the Bank for the funds available under the following accounts with IBAN BG 48 BPBI 7921 10 45286801, BG 91 BPBI 7921 10 45286803, BG 21 BPBI 7921 10 45286802, BG 10 BPBI 792110 45286806, BG 37 BPBI 7921 10 45286805, opened in its name with Eurobank Bulgaria AD and the income(interests) from these re-	21 June 2024

								ceivables, as well as the future receivables under all accounts subsequently opened in its name with Eurobank Bulgaria AD. Suretyship Doverie Capital AD	
Novoselska Gamza AD	BGN	Overdraft	200	200	0	200	Base deposit index for legal entities +2.95%, but no less than 3.1%	Mortgage over a real Estate situated in the village of Smochevo, property of Bulgarian Wide OOD, consisting of a land plot having an area of 6499 sq.m., production terrain in the territory of the village of Smochevo, together with the three build-ings constructed in the real estate, which have a total floorage of 3265 sq.m.; Doverie – United Holding AD – joint and several debtor	25 May 2021
Novoselska Gamza AD	BGN	Investment	51	30	30	0	Base deposit index for legal entities +2.95%, but no less than 3.1%	Mortgage over a real Estate situated in the village of Smochevo, property of Bulgarian Wide OOD, consisting of a land plot having an area of 6499 sq.m., production terrain in the territory of the village of Smochevo, together with the three build-ings constructed in the real estate, which have a total floorage of 3265 sq.m.; Doverie – United Holding AD – joint and several debtor	25 May 2024
Doverie Brico AD	EUR	Long-term	21,514	12,499	9,482	3,017	1-month EURIBOR +1.95%, but no less than 1.95%	first-ranking contractual mortgages of real estates of the Company (own lands and buildings of the Company, except for the plot in the city of Sofia, Bulgaria Blvd., the undeveloped plot near the Sofia 2 outlet and the land in the city of Stara Zagora) The book value of the mortgaged assets is BGN 32,855 thousand. pledge of financial collateral (the receivables under all bank accounts with the bank-creditor) in the amount of EUR 11 mln.; - the first tranche is temporarily secured with a related party suretyship contract.	20 August 2025

Doverie Brico AD	BGN	Overdraft	8,801	0	0	0	1M Euribor + 1,95%, but no less than 1,95% or 1M Sofibor + 2,25%, but no less than 2,25% or 1M Libor + 0,773%, but no less than 2,25%	first-ranking contractual mortgages of real estates of the Company (own lands and buildings of the Company, except for the plot in the city of Sofia, Bulgaria Blvd., the undeveloped plot near the Sofia 2 outlet and the land in the city of Stara Zagora) with a book value of BGN 32,855 thousand; pledge of a financial collateral (the receivables under all bank accounts with the bank-creditor) in the amount of EUR 4,500 thousand;	28 February 2021 with an extension option until 28 February 2023
Doverie Care EAD	BGN	Overdraft	2,075	2,022		2,022	Reference Interest Rate + 1.85%, but no less than 1.85%	Mortgage of land and buildings having a carrying amount of BGN 3,632 thousand. Pledge of movable property in the total amount of BGN 1,292 thousand. Co-indebtedness of Doverie United Holding AD, Corporate Bond of Doverie United Holding AD	19 April 2021
Doverie Care EAD	BGN	Investment	3,774	1,746	894	852	Reference Interest Rate + 2.00%, but no less than 2.00%	Mortgage of land and buildings having a carrying amount of BGN 3,632 thousand. Pledge of movable property in the total amount of BGN 1,292 thousand. Co-indebtedness of Doverie United Holding AD, Corporate Bond of Doverie United Holding AD	25 January 2023
Doverie– United Holding AD	BGN	Investment	30,033	30,033	26,182	3,851	Sum of the variable Interest index applicable to the respective Period and a MARGIN to the Interest Index amounting to 1.90%	1. First-ranking contractual mortgage for the benefit of the Bank for a partly secured property interest amounting to BGN 14,600 thousand over a Land Plot with buildings; 2. First-ranking contractual mortgage for the benefit of the Bank for a partly secured property interest amounting to BGN 9,400 thousand over a Land Plot with buildings; Owner: Sopharma AD - joint-and-several debtor. 3. First-ranking contractual mortgage for the benefit of the Bank for a partly secured property interest amounting to BGN 10,009 thousand over a Land Plot with buildings and independent sites in buildings, owner: Multiprofile hospital for active treatment - Doverie AD. 4. First-ranking pledge in accordance with the procedure of the Special Pledges Act of all present and future receivables of the Borrower against Doverie -	31 January 2027

								Invest EAK. 5. Financial securities in the form of a pledge of all receivables, present and future, of the Borrower/s and of the Third Obligated Parties under all accounts in national and foreign currency, of which they are holders with the Bank. 6. A financial security in the form of a first-ranking pledge over the 4000000 ordinary book-entry registered voting shares with par value of BGN 1.00 of the capital of Sopharma AD, which are held by TELSO AD, granted to an account with UniCredit Bulbank AD in accordance with and under the conditions of a separate Contract for a pledge over book-entry financial instruments in accordance with the procedure of the Financial Security Contracts Act, with a total market value of the securities as at the Contract Date - BGN 11,320 thousand. The provider of the security TELSO AD undertakes to maintain a value of the financial security of no less than BGN 10,000 thousand.	
Doverie–United Holding	EUR	Credit limit	9,792	9,792	0	9,792	1.60 %	Surety SOPHARMA AD	02 June 2021
			Total	**58,402**	**37,719**	**20,683**			

44. LIABILITIES UNDER SHARE PURCHASE AGREEMENTS

	31 December 2020 BGN '000	*31 December 2019 BGN '000*
Total:	**2,151**	**4,304**

On 31 July 2018 share purchase agreements were entered into for shares from the capital of Doverie Brico AD with Mr. Bricolage SA and Windspell Limited. 50% of the agreed amount was paid on 07 August 2018, on 28 July 2020 the second instalment due under the contract was paid and the maturity date of the remainder of the obligation is 31 December 2021. The obligation under these agreements is reported at depreciated value.

45. LEASING

BGN`000	*31 December 2020 BGN '000*	*31 December 2019 BGN '000*
1 January before applying IFRS 16	**27,350**	**823**
Effect of initial application of IFRS 16	-	23,212
1 January after applying IFRS 16	**27,350**	**24,035**
Increase	14,743	79
Value in newly acquired subsidiaries	-	9,354
Accrued interest	1,498	603
Written-off liabilities under terminated contracts	(1,270)	(1,081)
Payments	(7,830)	(5,640)
31 December 2019/ 31 December 2020	**34,491**	**27,350**
Long-term part	*27,973*	*21,791*
Short-term part	*6,518*	*5,559*

46. TRADE AND OTHER LIABILITIES

	31 December 2020	*31 December 2019*
	BGN '000	*BGN '000*
Liabilities to suppliers and clients	19,839	19,267
Liabilities under trade loans received	18,011	17,601
Advanced received	1,022	1,763
Liabilities to personnel	2,131	2,051
Liabilities to social insurance companies	588	571
Tax liabilities	1,390	1,642
Other	1,125	1,281
Total:	**44,106**	**44,176**

Liabilities under trade loans received

- Liabilities under loans granted by Telecomplect AD

Agreed amount of loan:	BGN 6,337 thousand
Interest rate:	3%
Maturity:	04 April 2021
Credit currency	BGN
Liability as at 31 December 2020, including:	BGN 6,629 thousand
Principal	BGN 6,337 thousand
Interest – current portion	BGN 292 thousand

Agreed amount of loan:	BGN 2,500 thousand
Interest rate:	3%
Maturity:	09 May 2021
Credit currency	BGN
Liability as at 31 December 2020, including:	BGN 2,623 thousand
Principal	BGN 2,500 thousand
Interest – current portion	BGN 123 thousand

Agreed amount of loan:	BGN 61 thousand
Interest rate:	6 %
Maturity:	30 December 2021
Credit currency	BGN
Liability as at 31 December 2020, including:	BGN 89 thousand
Principal	BGN 61 thousand

Interest – current portion	BGN 28 thousand

- Liabilities under loans granted by Kaliman PT AD

Agreed amount of loan:	BGN 120 thousand
Interest rate:	5.50 %
Maturity:	31 December 2020
Credit currency	BGN
Liability as at 31 December 2020, including:	BGN 161 thousand
Principal	BGN 120 thousand
Interest – current portion	BGN 41 thousand

- Liabilities under loans granted by Telecomplect Invest AD

Agreed amount of loan:	BGN 8,000 thousand
Interest rate:	2.50 %
Maturity:	31 December 2025
Credit currency	BGN
Liability as at 31 December 2020, including:	BGN 8,407 thousand
Principal	8.000
Interest – current portion	BGN 407 thousand

- Liabilities under loans granted by Donev Investments Holding AD

Agreed amount of loan:	100
Interest rate:	3.5%
Maturity:	31 December 2020
Purpose of the loan:	Working capital
Liability as at 31 December 2020, including:	102
Interests	2

47. CORRESPONDENT ACCOUNTS (LORO)

	31 December 2020 BGN '000	*31 December 2019 BGN '000*
Name of bank		
Interstate Bank, Moscow, Russia	334	298
LBBW, Stuttgard, Germany	33	39
Total liabilities to banks	**367**	**337**

48. OTHER SPECIFIC LIABILITIES TO BANKS

	31 December 2020 BGN '000	*31 December 2019 BGN '000*
Received but unrealized interests	1	1
Cash received from international transfers	880	401
Identified amounts	162	64
Bank card transactions	1,989	1,384
Other budget payments	10	17
Settlements with other natural and legal persons	457	336
Provisions for possible losses	23,076	23,892
Settlements with purchase/sale of currency		4
Documentary settlement creditors	3,259	2,855
Settlements with other state funds	785	1,641
Settlements with Deposit Guarantee Fund		
Inherited liabilities of banks in liquidation	1,994	2,280
Other liabilities	30,155	29,690
	62,768	**62,565**
Current revenue tax	382	3,690
	63,150	**66,255**

49. FINANCIAL RISK MANAGEMENT

The structure of the financial assets and liabilities as at 31 December 2020 is, as follows:

	Note	*31 December 2020 BGN '000*	*31 December 2019 BGN '000*
Financial assets at fair value through profit or loss, including:		**8,828**	***13,298***
Unquoted equity investment	*26.1*	*2,721*	*2,722*
Quoted equity investment	*26.2*	*6,107*	*10,576*
Financial assets at amortised cost, incl.		**1,207,879**	**1,201,061**
Financial assets at amortised cost (debt instruments)	*27*	*457,041*	*292,040*
Financial assets at fair value through other comprehensive income	*28*	*2,294*	*2,234*
Loans to bank customers	*29*	*738,626*	*894,198*
Related parties receivables	*34*	*731*	*1,119*
Receivables from customers and suppliers	*34*	*2,673*	*2,743*
Receivables under insurance contracts		*4,412*	*5,487*
Receivables from sale of shares	*34*	*736*	*1,451*
Other receivables	*34*	*1,367*	*1,789*
Cash and cash equivalents	***35***	**742,486**	**638,295**
		1,959,194	**1,852,654**

Financial liabilities	*Note*	*31 December 2020 BGN '000*	*31 December 2019 BGN '000*
Financial liabilities at amortised cost, incl.			
Bank customer deposits	*40*	*1,524,229*	*1,430,536*
Funds borrowed by the bank from other financial institutions	*41*	*23,722*	*31,310*
Liabilities of trade companies under bank loans	*43*	*58,402*	*23,554*
Liabilities to related entities	*42*	*77,695*	*109,655*
Commercial obligations	*46*	*19,839*	*19,267*
Liabilities on trade loans	*46*	*18,011*	*17,601*
Obligations under insurance contracts		*576*	*557*
Liabilities on leasing	*45*	*34,491*	*27,350*
Obligations under acquired shares	*43*	*2,151*	*4,304*
Other liabilities	*46;47;48*	*31,647*	*31,308*
Total financial liabilities at amortised cost		**1,790,763**	**1,695,442**

The group does not have the practice of working with derivative instruments.

In the course of its usual business activity, the group is exposed to various financial risks, the most of which are: interest rate risk- bound cash flows, market risk (including currency risk, fair value risk and price risk), credit risk and liquidity risk. Overall risk management focuses on the difficulties in forecasting financial markets and minimizing potential negative effects that may affect the financial performance and the company's performance. Financial risks are identified, measured and monitored on an on-going basis with the help of various controls implemented in order to determine adequate prices of the companies' services and of the attracted loan capital, as well as to evaluate adequately the market circumstances of the investments made by the group and the forms of maintenance of the free liquid funds, without allowing unreasonable concentration of a risk.

The risk management in the group is carried out on an on-going basis by the operating management of the company, in accordance with the policy defined by the Management Board.

The Management Board has adopted the basic principles of general financial risk management and management of specific risks, such as currency, price, interest, credit and liquidity, and the risk of using derivative and non-derivative (mainly) instruments.

You will find below a description of the different types of risks that the group is exposed to upon the performance of its commercial operations, as well as the approach adopted in the management of these risks.

49.1. Currency risk

Currency risks from banking operations

31 December 2020

	Total BGN BGN'000	MDL BGN'000	USD BGN'000	EUR BGN'000	Other BGN'000
Assets					
Cash and balances with the National Bank	447,199	393,310	11,109	36,992	5,788
Current accounts and bank deposits with banks	151,529	-	35,918	115,144	467
Debt instruments – at amortised cost	449,791	449,791	-	-	-
Loans to customers	738,626	572,079	40,333	126,214	-
Mandatory reserves	130,621	-	30,838	99,783	-
Capital instruments at fair value through other comprehensive income	2,294	1,896	275	123	-
Total assets	**1,920,060**	**1,417,076**	**118,473**	**378,256**	**6,255**
Liabilities					
Deposits with banks	(367)	(334)	-	(33)	-

Other loans	(23,722)	(12,930)	(2,367)	(8,424)	-
Leasing	(10,092)	(10,092)	-	-	-
Customer deposits	(1,524,229)	(1,049,646)	(123,331)	(349,456)	(1,797)
Other liabilities	(30,155)	(30,155)	-	-	-
Total liabilities	**(1,588,565)**	**(1,103,157)**	**(125,698)**	**(357,913)**	**(1,797)**

31 December 2019

	Total BGN BGN'000	**MDL BGN'000**	**USD BGN'000**	**EUR BGN'000**	**Other BGN'000**
Assets					
Cash and balances with the National Bank	535,522	488,902	12,384	30,425	3,811
Current accounts and bank deposits with banks	20,856	0	9,047	10,967	842
Debt instruments – at amortised cost	287,547	287,547	0	0	0
Loans to customers	894,198	559,282	86,783	248,133	0
Mandatory reserves	73,295	0	20,266	53,029	0
Capital instruments at fair value through other comprehensive income (2018: available for sale)	2,234	1,859	259	116	0
Total assets	**1,813,652**	**1,337,590**	**128,739**	**342,670**	**4,653**
Liabilities					
Deposits with banks	337	298	0	39	0
Other loans	31,310	15,590	3,909	11,811	0
Customer deposits	1,430,536	975,508	330,826	122,043	2,159
Other liabilities	37,873	35,590	1,260	1,010	13
Total liabilities	**1,500,056**	**1,026,986**	**335,995**	**134,903**	**2,172**

Currency risk from banking operations

The Group is exposed to a significant currency risk. The acquisition cost of the investment in Moldindconbank S.A. is paid in MDL which conversion from EUR lead to significant exchange differences.

The exchange rate differences are recognized in the Statement of Comprehensive Income.

31 December 2020

	в USD BGN '000	в EUR BGN '000	в BGN BGN '000	Total BGN '000
Capital investments		9	16,068	16,077
Loans and receivables			9,919	9,919
Cash and cash equivalents			13,137	13,137
Total financial assets	**-**	**9**	**39,125**	**39,133**
Bank loans		22,291	36,111	58,402
Other loans and debts			119,397	119,397
Liabilities on leasing			24,399	24,399
Total financial liabilities	**-**	**22,291**	**179,907**	**202,198**

31 December 2019

	in USD BGN '000	in EUR BGN '000	in BGN BGN '000	Total BGN '000
Financial assets at fair value through profit and loss		9	13,289	13,298
Financial assets at amortised cost			4,493	4,493
Loans and receivables			12,589	12,589
Cash and cash equivalents	99	464	8,059	8,622
Total financial assets	**99**	**473**	**38,430**	**39,002**
Bank loans		15,540	8,014	23,554
Other loans and debts		9,613	143,051	152,664
Liabilities on financial leases		865		865
Liabilities on operating leases		10,719	7,584	18,303
Total financial liabilities	**-**	**36,737**	**158,649**	**195,386**

49.2. Price risk

The group is exposed to a price risk resulting from negative changes in the prices of services. In the process of negotiation of the new prices, the clients of the export oriented group companies exert serious pressure towards a decrease in the prices in the conditions of a financial-and-economic crisis, and negotiations may even be rejected. The companies oriented to the domestic market are subjected to price pressure caused by reduced purchasing power, lack of financial resource for end consumption or increase of the cost thereof.
The Group is also exposed to a price risk with respect to the shares held by it, which are classified as financial assets reported at fair value through profit and loss, and compensatory instruments reported at fair value.

49.3. Credit risk

Credit risk from bank operations

In the ordinary course of business, the Bank manages its credit risk with respect to loans and advances to customers, in respect to its deposits for other financial loans and other off-balance sheet items. The bank may be affected also by losses from credit risk concentration in a particular economic group in the context of the economic changes in Moldova. Credit risk management is monitored regularly through compliance with credit limits, assessment of the quality of debtors and some conservative policies with regard to provisions.

The bank structures the levels of credit risk, which it takes, by placing limits on the accepted risk with respect to one borrower or group of borrowers and industry segments. These risks are monitored on a revolving basis and subject to annual or more frequent review. Credit risk limits by product and industry sector are approved quarterly by the Board of Directors.

Credit risk is the current or future risk of impairment of earnings and capital due to the inability of the debtor or counterparty to meet its contractual obligations or failure to fulfil the obligations specified in the contract.

Counterparty credit risk is a subcategory of the credit risk and it is the risk of impairment of profits and equity when the counterparty in a transaction is in default before final settlement of the transaction cash flows.

The risk of settlement is the risk of loss caused by the difference between the agreed settlement price and the current market value of transactions, where the debt instrument, the equity or the foreign currency remain outstanding after due date.

Financial stability of the bank is directly influenced by the risk management approach. Given that lending plays a major role in the activities of the bank, the effective system of credit risk management has positive effects both for the bank and for its customers. The positive effects for the bank consist in reducing the losses from non-performing levels. The positive effects for the customers are tariff optimization, improving

quality, diversification of services and effectiveness of their implementation, improving the protection of customer interests.

Assessment of the business model of the financial instruments portfolio of the bank

Cash and cash equivalents

The bank keeps cash at hand, cash in transit, cash in exchange office, cash in other branches, ATMs and in commemorative and anniversary notes and coins.

Nostro accounts

Bank holds funds in a Nostro account with NBM, 'opened for National Bank of Moldova funds in national currency and in other accounts'. Nostro account 'opened with licensed banks in Moldova and abroad, means money in foreign currency.

Interbank deposits

The bank has two categories of interbank deposits: Short-term deposits with maturity up to 1 month and less than 1 month and short-term deposits with maturity over 1 month and up to or including 1 year.

Minimum reserve requirement with NBM

The bank must have funds and maintain the reserve requirements of the bank under a special account with NBM in accordance with the regulatory provisions.

Treasury bills and bonds

This category consists of short-term securities issued by the National Bank of Moldova and the Ministry of Finance of the Republic of Moldova (97%) and medium-term government securities.

Loans and advances to customers

The Bank offers a wide range of products that can be represented as follows: Credit cards

Overdrafts

Mortgage loans

Consumer loans

Factoring

Loans for current assets

Investment loans

The loans are offered in MDL, EUR and USD.

The main objective of the bank in terms of relationships between its loans, prepayment portfolio and its customers is to maintain contractual cash flows for collection. This goal is clearly identified in the banking business model of management, monitoring and organization. In addition, the main lending activities of the bank provide the basic interest revenue collected in cash.

Business model	Main factors for this classification:
Cash and cash equivalents held for collection	The business model stems from the nature of the financial assets (cash), which are short-term in nature. The results are monitored on the basis of amortized cost. There is no history of sales as expected for this type of financial asset.
Nostro accounts held for collection	The business model stems from the nature of the financial assets, which are short-term in nature. The results are monitored on the basis of amortized cost. There is no history of sales as expected for this type of financial asset.
Interbank deposits, held for collection	The main risks of the business models are consistent to the business model of assets held for collection, focusing on credit risk and interest rate risk. The risk in terms of price and fair value is considered less important. There is no history of sales. The results are monitored on the basis of amortized cost.
Treasury bill and bonds, held-to-collect	The main risks of the business models are consistent to the business model of assets held for collection, focusing on credit risk and interest rate risk. The risk in terms of price and fair value is considered less important. There is no history of sales. The results are monitored on the basis of amortized cost.
Minimum reserve in NBM, held-to-collect	The business model stems from the nature of the financial assets, which are short-term in nature. The results are monitored on the basis of amortized cost. There is no history of sales as expected for this type of financial asset.
Loans and advances to customers, held-to-collect	The main risks of the business models are consistent to the business model of assets held for collection, focusing on credit risk and interest rate risk. The value risk is not related to the price or the fair value. There is no history of sales. The results are monitored on the basis of amortized cost.

Quality analysis of financial assets

31 December 2020, BGN'000

	Stage 1	Stage 2	Stage 3	Total
Cash and balances with the National Bank of Moldova	447,199	-	-	447,199
Current accounts and bank deposits with banks	151,529	-	-	151,529
Financial investments at amortised cost	449,791	-	-	449,791
Mandatory reserves	130,621			130,621

Loans to customers	602,915	106,287	23,413	732,615
Other financial assets	6,011	-	-	6,011
Capital instruments at fair value through other comprehensive income	2,294	-	-	2,294
Carrying amount	**1,790,360**	**106,287**	**23,413**	**1,920,060**

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and balances with the National Bank of Moldova	447,579	-	-	447,579
Current	447,579	-	-	447,579
Due≤ 30 days	-	-	-	-
Due > 30≤ 90 days	-	-	-	-
Due > 90 days	-	-	-	-
Allowance for losses	(380)	-	-	(380)
Carrying amount	447,199	-	-	**447,199**
Current accounts and bank deposits with banks	**151,724**	**-**	**-**	**151,724**
Current	151,724	-	-	151,724
Due≤ 30 days	-	-	-	-
Due > 30≤ 90 days	-	-	-	-
Due > 90 days	-	-	-	-
Allowance for losses	(195)	-	-	(195)
Carrying amount	**151,529**	-	-	**151,529**
Current accounts and bank deposits with banks	**130,771**	**-**	**-**	**130,771**
Current	130,771	-	-	130,771
Due≤ 30 days	-	-	-	-
Due > 30≤ 90 days	-	-	-	-
Due > 90 days	-	-	-	-
Allowance for losses	(150)	-	-	(150)
Carrying amount	**130,621**	-	-	**130,621**
Debt instruments – at amortised cost	**462,140**	-	-	**462,140**
Current	462,140	-	-	462,140
Due≤ 30 days	-	-	-	-
Due > 30≤ 90 days	-	-	-	-
Due > 90 days	-	-	-	-
Allowance for losses on financial assets	(12,349)	-	-	(12,349)
Carrying amount	**449,791**	-	-	**449,791**

	Stage 1	**Stage 2**	**Stage 3**	**Total**

Loans to customers	**599,642**	**109,413**	**51,807**	**760,862**
Current	577,412	96,640	26,806	700,858
Due≤ 30 days	37055	8,353	8,169	38,752
Due > 30≤ 90 days	-	4,420	3,049	7,469
Due > 90 days	-	-	13,783	13,783
Allowance for losses on financial assets	(11,552)	(3,126)	(28,394)	(28,247)
Carrying amount	**602915**	**106,287**	**23,413**	**732,615**
Other financial assets	**6,023**	**-**	**-**	**6,023**
Current	**6,023**	**-**	**-**	6,023
Due≤ 30 days	**-**	**-**	**-**	-
Due > 30≤ 90 days	**-**	**-**	**-**	-
Due > 90 days	**-**	**-**	**-**	-
Allowance for losses on financial assets	**(12)**	**-**	**-**	(12)
Carrying amount	**6,011**	**-**	**-**	**6,011**

31 December 2019, BGN'000

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and balances with the National Bank of Moldova	535,522	-	-	535,522
Current accounts and bank deposits with banks	20,857	-	-	20,857
Financial investments at amortised cost	287,547	-	-	287,547
Loans to customers	667,159	42,355	40,355	749,869
Other financial assets	144,329	-	-	144,329
Other assets	1,401	-	833	2,234
Carrying amount	**1,656,815**	**42,355**	**41,188**	**1,740,358**

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and balances with the National Bank of Moldova	**535,998**	**-**	**-**	**535,998**
Current	535,998	-	-	535,998
Due≤ 30 days	-	-	-	-
Due > 30≤ 90 days	-	-	-	-
Due > 90 days	-	-	-	-
Allowance for losses	(476)	-	-	(476)
Carrying amount	**535,522**	-	-	**535,522**
Current accounts and bank deposits with banks	**21,378**	-	-	**21,378**
Current	21,378	-	-	21,378
Due≤ 30 days	-	-	-	-
Due > 30≤ 90 days	-	-	-	-
Due > 90 days	-	-	-	-
Allowance for losses	(521)	-	-	(521)
Carrying amount	**20,857**	-	-	**20,857**

Debt instruments – at amortised cost	**290,343**	-	-	**290,343**
Current	290,343	-	-	290,343
Due≤ 30 days	-	-	-	-
Due > 30≤ 90 days	-	-	-	-
Due > 90 days	-	-	-	-
Allowance for losses on financial assets	(2,796)	-	-	(2,796)
Carrying amount	**287,547**	-	-	**287,547**

Loans to customers	**673,122**	**43,458**	**59,911**	**776,492**
Current	648,353	31,420	27,603	707,376
Due≤ 30 days	24,769	6,397	14,225	45,391
Due > 30≤ 90 days	-	5,641	3,346	8,988
Due > 90 days	-	-	14,737	14,737
Allowance for losses on financial assets	(5,962)	(1,103)	(19,556)	(26,623)
Carrying amount	**667,159**	**42,355**	**40,355**	**749,869**

Other financial assets	**144,500**	**-**	**6,184**	**150,684**
Current	144,500	-	-	144,500
Due≤ 30 days	-	-	-	-
Due > 30≤ 90 days	-	-	-	-
Due > 90 days	-	-	6,184	6,184
Allowance for losses on financial assets	(171)	-	(6,184)	(6,355)
Carrying amount	**144,329**	**-**	**-**	**144,329**

Effect of change in credit losses: **31 December 2020**

Cash and balances with the National Bank	
Balance sheet at 1 January	488,565
Net revaluation of allowance for losses	(380)
Created or purchased new financial assets	(40,986)
Balance sheet at 31 December 2020	**447,199**
Current accounts and bank deposits with banks	
Balance sheet at 1 January	19,028
Net revaluation of allowance for losses	(195)
Created or purchased new financial assets	132,696
Balance sheet at 31 December 2020	**151,529**
Debt instruments – at amortised cost	
Balance sheet at 1 January	262,540

Net revaluation of allowance for losses	(6,175)
Created or purchased new financial assets	193,426
Balance sheet as at 31 December 2019	**449,791**
Capital instruments at fair value through other comprehensive income (2017: available for sale)	
Balance sheet at 1 January	2,038
Created or purchased new financial assets	256
Balance sheet at 31 December 2020	**2,294**

	31 December 2019
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Cash and balances with the National Bank	
Balance sheet at 1 January	499,783
Net revaluation of allowance for losses	(476)
Created or purchased new financial assets	36,215
Balance sheet at 31 December 2019	**535,522**

Current accounts and bank deposits with banks	
Balance sheet at 1 January	39,117
Net revaluation of allowance for losses	(522)
Created or purchased new financial assets	(17,738)
Balance sheet at 31 December 2019	**20,857**

Debt instruments – at amortised cost	
Balance sheet at 1 January	297,396
Net revaluation of allowance for losses	(2,796)
Created or purchased new financial assets	(9,409)
Other adjustments (including the impact of currency exchange rate)	6,849
Balance sheet at 31 December 2019	**292,040**

Capital instruments at fair value through other comprehensive income	
Balance sheet at 1 January	1,401
Created or purchased new financial assets	833
Balance sheet at 31 December 2019	**2,234**

Explanation of terms used by CB Moldindconbank SA:

Characteristics of Stage 1: (for all contracts for which no sign is set by default):

All contracts with days past due between 0 and 30 (0 <= DAYS_PAST_DUE <= 31) that are not defined in Stage 3 or Stage 2, trigger Stage 1.

As soon as a financial instrument is created / purchased or there is no event by default and there is no significant increase in credit risk, credit losses are estimated at 12 months basis, and are recognized through profit or loss and represent a loss allowance. They are allocated based on currently available risk parameters in homogeneous portfolios.

This serves as an approximation of initial expectations for credit losses.

Financial assets interest revenue is calculated based on the gross amount (i.e. There is no adjustment for expected credit losses).

Characteristics of Stage 2: (for all contracts for which no sign is set by default):

All contracts with an amount equal to 0 trigger the allocation in Stage 2. This rule identifies unauthorized overdraft and this type of contract must be in Stage 2. It should be noted that all contracts with principal equal to 0 are excluded from the calculation of the migration matrices. In the future, the bank should establish a marker based on which these exposures can be properly filtered.

All contracts with day past due between 31 and 89 (31 <= DAYS_PAST_DUE <= 89) or contracts with restructuring marker trigger Stage 2.

D and E are classified in Stage 2.

The debtor may have assets classified in Stage 1 and Stage 2, depending on the situation.

If the risk is increased significantly and the resulting credit quality is not considered as a credit risk in the low range, then credit losses are recognized, measured throughout the term of the loan.

Expected credit losses during the period are recognized, unless the financial instrument does not represent low credit risk at the reporting date.

The calculation of interest revenue from financial assets remains the same as in Stage 1.

Characteristics of Stage 3:

The debtor registers at least one contract for more than 90 days:

Over the past 12 months the debtor has shown signs of default.

If the debtor has assets in stage 3, all assets of the debtor will be considered as such in Stage 3. All contracts with a default marker trigger stage 3. If the customer has a contract in Stage 3, all its contracts will be affected.

If the credit risk of a financial asset increases to the extent it is considered to have a default, interest revenue is calculated based on amortized cost.

The estimated credit losses for the term of the loan are still recognized for these financial assets.

IFRS 9 provides guidance on the requirements for impairment. The proposed approach distinguishes the expected 12-month credit losses and expected credit losses over the life of the loan. The standard specifies that the loss allowance should be based on the expected 12-month credit losses or losses over the loan life and

depends on whether there is significant loan impairment of the financial instrument after initial recognition (or the date of commitment).

Credit losses, estimated at **12 months**, are part of the expected credit loss for the entire duration of expected credit losses, arising from probable financial instruments in default within 12 months after the reporting date (Stage 1).

Estimated credit losses **for the period** are estimated credit losses resulting from all probable events in case of default over the projected life of the financial instrument (Stage 2 or 3).

Significant conceptual differences are illustrated in the table below:

Credit losses estimated at 12 months	**Estimated credit losses for the entire period**
	• Estimated credit losses for the period are estimated credit losses resulting from all probable events in case of default over the life of the financial instrument.
• Estimated credit losses at 12 months are losses, arising from probable financial instruments in default within 12 months after the reporting date.	• Impairment losses are measured at projected credit losses during the period if the credit risk of an instrument has increased significantly from the initial recognition.
• The cash shortage that will occur during the entire period if the default occurs within 12 months of the reporting date (or a shorter period if the estimated duration of the financial instrument is less than 12 months), weighted by the probability of default.	• If in a subsequent period no significant increase in credit risk is observed, the measurement of the impairment allowance will return to the estimated credit loss for 12 months (excluding impaired purchased or issued instruments).

Distribution of exposures in stages to correspondent banks, loans and other assets

31 December 2020
BGN'000

Loans	**Stage_1**	**Stage_2**	**Stage_3**	**Total**
A	361,025	24,290	-	385.315
B	253441	72,509	-	311.125
C	1	12,614	12,482	25,097
D	-	-	31.143	31,143
E	-	-	8.182	8,182
	614,467	**109,413**	**51,807**	**760,862**
Allowance for losses	(11,552)	(3,126)	(28,394)	(28,247)

Carrying amount	**602,915**	**106,287**	**23,413**	**732,615**

Banks	**Stage_1**	**Stage_2**	**Stage_3**	**Total**
A+	6,023	-	-	6,023
E	-	-	-	-
	6,023	-	-	6,023
Allowance for losses	(12)	-	-	(12)
Carrying amount	**6,011**	**-**	**-**	**6,011**

31 December 2019

Loans	**Stage_1**	**Stage_2**	**Stage_3**	**Total**
A	366,350	-	18	366,368
B	264,509	11,387	-	275,896
C	-	34,786	11,210	45,996
D	-	-	74,275	74,275
E	-	-	13,956	13,956
	630,859	**46,173**	**99,459**	**776,491**
Allowance for losses	(5,962)	(1,103)	(19,557)	(26,622)
Carrying amount	**624,897**	**45,070**	**79,902**	**749,869**

Banks	**Stage_1**	**Stage_2**	**Stage_3**	**Total**
A+	144,500	-	-	144,500
E	-	-	6,184	6,184
Allowance for losses	(171)	-	(6,184)	(6,355)
Carrying amount	**144,329**	**-**	**-**	**144,329**

Mortgage-backed loans

The following table shows credit exposures with regard to mortgage loans and advances to customers based on the loan-to-value ratio (LTV). LTV is calculated as the ratio between the gross amount of the loan or the amount set aside for the loan obligations, and the amount of the collateral. The assessment of the guarantee excludes any adjustments for the receipt and sale of the guarantee. The amount of the collateral for residential mortgage loans is based on the amount of the original guarantee, updated on the basis of the changes in residential price indices. For loans / assets impaired or amortized, the amount of the collateral is based on recent estimates.

Loan-to-value ratio (LTV)	**31 December 2020 BGN'000**

Less than 50%	15,170
51 %–70%	32,655
71%–90%	56,664
91%–100%	17,572
Over 100%	35,776
	157,836
Impaired loans	
Less than 50%	947
51%–70%	422
71%–90%	792
91%–100%	209
Over 100%	150
	2,520
Liabilities under mortgage loans	
Less than 50%	818
71%–90%	67
Over 100%	5
	890

Loan-to-value ratio (LTV)	**31 December 2019**
	BGN'000
Less than 50%	8,312
51%–70%	18,240
71%–90%	47,722
91%–100%	15,732
Over 100%	50,740
	140,746
Impaired loans	
Less than 50%	575
51%–70%	835
71%–90%	477
91%–100%	79
Over 100%	878
	2,844
Liabilities under mortgage loans	
Less than 50%	519
71%–90%	78
Over 100%	-
	597

Corporate loans

Repayment of debt/fulfilment of the obligations by the corporate customer is usually the most appropriate indicator of the credit quality. However the collateral (pledge) provides additional security and CB Moldindconbank SA requires in general from corporate borrowers to provide such a collateral. CB Moldindconbank SA can also receive guarantees in the form of any real estate.

Significant increase in credit risk

In determining whether the risk of non-payment of a financial instrument has increased significantly after initial recognition, CB Moldindconbank SA believes that reasonable and appropriate information is available without undue costs or efforts. These include quantitative and qualitative information and analyses based on historical experience of bank and credit assessments and forecast information.

The purpose of the assessment is to determine whether there is a significant increase of the credit risk for a given exposure by comparing:

- probability of default (PD) at the reporting date to
- the residual duration of the long-term life calculated at the moment of initial recognition of the exposure (adjusted, if necessary, for expected changes).

Levels of credit risk

TB Moldindconbank SA assesses the credit risk associated with each asset, exposed to credit risk, taking into account certain factors depending on which assets are placed into Stages from 1 to 3. The main criteria used for placing the assets in the stages are:

Days past due

Classification under prudential norms of the National Bank of Moldova

Internal rating of the exposures of legal entities

Registering the default over the past 12 months, etc.

The stages of the credit risk are determined and calibrated in such a way that the risk of default is measured and calculated exponentially so that the difference between the credit risk in Stage 1 and Stage 2 is lower than the difference between the credit risk, in Stage 2 and Stage 3.

Credit risk is attributed to each active exposure at initial recognition based on the information available for the borrower. Exposures are subject to continuous monitoring, which may result in an exposure that is transferred to another class of credit risk with time. Monitoring usually includes the following data:

For corporate exposures:

Information received from the analysis of the quarterly financial statements

Internal ratings

Data, provided by credit agencies, articles in the media, changes in the external credit rating

Significant and anticipated changes in the political, regulatory and technological environment of the borrower or its commercial activity

For retail exposures:

Collected data about customer behaviour

Information about the official income of the debtors

For all exposures:

History of internal credit and of the banking financial system

Existing and projected changes in the business, financial and economic conditions

The portfolio of the bank is classified in identical or similar risk segments, called homogeneous groups. In order to reflect the different level of risk, a division of the exposures of the corporate sector was made, where the segments are based on the level of the granted amount (in euro). Retail exposures and corporate exposures are classified as per the product specifics, reflected through segmentation of the Group accounts.

Retail contracts were divided into the following segments: Retail trade, retail credit cards, retail consumption TL, retail consumers TM, retail consumers TS, retail mortgage and retail overdraft. Six homogeneous groups have been formed and a group for other retail trade contracts ‘Retail, other’. The last group consists of products that can not be allocated based on historical default rate for the following reasons: fewer contracts, products that are no longer available in the latest records of the portfolio.

Corporate customers were divided into two sub-segments: Corporate customers => 140 thousand and corporate <140 thousand. In order to make the allocation, the granted amount was converted into EUR and aggregated at customer level.

Bank has used statistical models to analyse the collected data and to generate estimates of the exposure throughout the life of the exposures and how they are expected to change as a result of the passage of time.

The calculation of the expected credit loss (ECL) is based on the following parameters:

Term structure of probability of default (PDt),

Term structure of loss given default (LGD),

Term structure of exposure at default (EAD),

Discount.

Probability of Default

Probability of default is critical information for the calculation of the expected credit loss and for the assessment of whether there is a significant increase in credit risk. The values of probability of default were

allocated on the basis of segmentation and allocation of the days past due. The segmentation of the risk taken into account for all segments is based on days past due as there are no other determinants of risk or statistical models (e.g. rating). Groups of days past due were allocated on the basis of the following approaches: Customer or contract.

CB Moldindconbank S.A. believes that the significant increase in credit risk arises before an asset exceeds 30 days. The days in arrears are determined by counting the number of days of the shortest period in arrears for which a full payment is not received. The days in arrears are determined without taking into account the grace period, which may be granted to the borrower.

If there is no evidence of a significant increase in credit risk compared to initial recognition, then the calculation of the expected loss on an instrument is resumed to measure the 12-month expected credit loss. Some qualitative indicators of credit risk growth may show an increased risk of default that continues after the indicator ceases to exist. In these cases, the bank determines a trial period in which the financial asset must demonstrate good behaviour to prove that credit risk has decreased sufficiently. When the contractual terms of the loan were changed, the evidence that the criteria for recognition of the life of the expected credit loss have not been met, includes an updated history of payments of the changed contractual terms. As a rule, this period is 12 months.

The bank monitors the effectiveness of the criteria used to identify significant increases in credit risk through periodic reviews to confirm that:

criteria do not comply when the asset is overdue by 30 days;

the average time between identification of a significant increase in credit risk and non-payment seems reasonable;

exposures are usually not transferred directly from the 12-month assessment of the expected credit loss to people with credit deficiencies;

there is no unwarranted variability in the transfer of premium for losses between 12 months probability of default (Stage 1) and the probability of default for the life cycle (Stage 2).

Non-fulfilment

The bank believes that a financial asset is in default when:

it is unlikely that the debtor repays in full its credit obligations to the bank without enforcement of the pledge (if any);

the debtor is 90 days past due for a significant credit obligation to the bank;

the debtor has been in default in the last 12 months (as defined pursuant to Basel III framework);

the borrower is likely to restructure its assets as a result of bankruptcy due to the inability of the debtor to repay its credit obligations.

To determine whether a debtor is in default, the bank accounts the indicators, including:

qualitative indicators: such as, breach of contractual terms and conditions;

quantitative indicators: such as, non-payment of another obligations of the same debtor to the bank; and

based on the internally generated data, obtained from external sources.

Including information for future periods

The bank includes information relating to future periods, both in assessing the credit risk of the instruments, which has grown significantly after initial recognition and in measurement of expected credit losses.

Bank formulates three economic scenarios: baseline scenario with 50% probability for an average scenario, and two less likely scenarios, positive and negative scenario with 25% probability each.

The baseline scenario is consistent with the information used by the bank for other purposes, such as strategic planning and budgeting. Reported external information includes data and economic forecasts published by government and monetary authorities in the Republic of Moldova and by financial experts.

Periodically the bank performs stress tests with extreme shocks to assess its financial stability. At least once a year, an overall review of the scenario design is performed by a group of experts from the bank.

The bank identifies and documents the main determinants of credit risk and loan losses for each portfolio of financial instruments and using historical data analysis assesses the links between macroeconomic variables, credit risk and credit losses.

The main drivers that generate credit risk for wholesale portfolios are: GDP growth, unemployment and interest rates. For exposures to specific sectors and/or regions the key factors include the relative prices of goods and/or

immovable property. The main drivers that generate credit risk for retail portfolios are: Level of unemployment, house prices and interest rates.

Write-off of loans/assets

Credits or assets for which provisions are established 100% of their carrying amount in accordance with IFRS 9 so that their net value is zero can be considered for write-off (formation of loss). Such loans or assets will be written off if the bank has no reasonable expectation of recovery of assets within a reasonable time. An additional criterion used to determine the reasonable expectation of the bank to recover these assets is more than 360 days in arrears of the said assets.

The bank renegotiates/extends the loan terms for customers with financial difficulties to increase the possibility for collection and to minimize the risk of default. According to the Ordinance on the extension and renegotiation of bank loans, if the objectivity of the causes leading to default is determined, the bank starts to

explore the possibility of extension or renegotiation of the loan, requesting from the customer the main documents needed for analysis. At the discretion of the bank, it may need to have all the necessary documents and the entire information needed to make objective and fair decision.

The revised contract terms usually include extension of maturity, change in the interest repayment schedule and amendment of the terms of the loan agreement. Corporate loans and corporate borrowers are subject to a policy of extension and renegotiation. The decision making bodies of the bank periodically review the activity reports of the bank on extension and renegotiation.

For modified financial assets, as part of the bank's policy on extension and renegotiation, the assessment of days in arrears reflects whether the improvement has improved or reversed the bank's ability to collect interest and principal, and reflects also the previous experience of the bank with such extensions or renegotiations. As part of this process, the bank assesses the fulfilment of the payment obligations of the borrower against the amended contractual terms and conditions and takes into account various behavioural indicators.

As a key criterion, the existence of an extension or renegotiation is a qualitative indicator for significant increase in credit risk. The customer must demonstrate strong ability for payment and fulfilment of contractual obligations over a long period of time before the exposure ceases to be considered as affected by a high credit risk and it may be revalued to a credit risk corresponding to Stage 1 .

Loss given default is the amount of loss given default, if probable. CB Moldindconbank S.A. evaluates the parameters of the loss given default based on historical recovery rates of claims against the participating counterparties. The values of loss given default take into account the structure, the guarantee, the ranking of the claim, the industry sector of the counterparty and the cost for recovery of the collateral, which is an integral part of the financial asset.

EAD is the expected exposure at default. CB Moldindconbank S.A. determines the expected exposure at default from the current exposure of the counterparty and the potential changes in current value allowed under the contract as a result of depreciation. The expected exposure at default of a financial asset is the gross book value at the time of default. For loan commitments, the expected loss given default are all future amounts attributable to the contract, estimated on the basis of historical observations and forecasts.

As described above, and under conditions where maximum of 12 months probability of default is used for financial assets from Stage 1, CB Moldindconbank S.A. measures the expected credit loss, taking into account the risk of default against the maximum duration of the contract (including the options of the borrower), during which it is exposed to credit risk, even if for the credit risk management purposes CB Moldindconbank S.A. takes into account a longer period. The maximum term of the contract extends until the date on which CB Moldindconbank S.A. has the right to demand repayment of an advance or to terminate a loan or loan guarantee.

In cases where parameter modelling is done collectively, the financial instruments are grouped based on common risk characteristics, which include:

type of instrument;

credit risk classification;

type of guarantee;

ratio of the loan amount to the value of the collateral for retail mortgages;

the initial recognition date, the period remaining until maturity date; sector.

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	Stage_1	Stage_2	Stage_3	TOTAL
Impairment adjustment (IFRS 9)	-	-	-	-
Initial balance 2020	5,439,646	1,006,171	31,367,135	**37,812,952**
Stage of transfer 1	202,247	(104,407)	(97,839)	-
Stage of transfer 2	(876,938)	934,626	(57,688)	-
Stage of transfer 3	(103,117)	(128,382)	231,498	-
Internal debt increase	4,843,039	485,714	371,871	**5,700,624**
Reduction due to write-off	(2,021,235)	(459,200)	(2,302,343)	**(4,782,778)**
Net fluctuations due to credit risk changes	3,870,993	1,339,385	3,655,198	**8,865,576**
Reduction due to removal in the off-balance sheet items	(3,144)	-	(4,882,452)	**(4,885,596)**
Other adjustments	203,192	51,361	108,912	**363,465**
Balance at the end of period, 31 December	**11,554,683**	**3,125,268**	**28,394,292**	**43,074,243**

CORPORATE	**Stage_1**	**Stage_2**	**Stage_3**	**TOTAL**

Initial balance 2020	3,893,572	748,001	27,892,255	**32,533,828**
Stage of transfer 1	39,796	(39,796)	-	**-**
Stage of transfer 2	(719,605)	722,513	(2,908)	**-**
Stage of transfer 3	(81,776)	(34,026)	115,802	**-**
Internal debt increase	3,769,272	446,897	363,517	**4,579,686**
Reduction due to write-off	(1,790,691)	(368,126)	(1,717,913)	**(3,876,730)**
Fluctuations due to credit risk changes (net)	3,177,063	779,120	1,310,232	**5,266,415**
Reduction due to removal in the off-balance sheet items	-	-	(3,609,293)	**(3,609,293)**
Other adjustments	202,895	51,359	108,736	**362,990**
Balance at the end of period, 31 December	**8,490,526**	**2,305,942**	**- 24,460,428**	**- 35,256,896**

RETAIL	**Stage_1**	**Stage_2**	**Stage_3**	**TOTAL**
Initial balance 2020	1,546,074	258,170	3,474,880	**5,279,124**
Transfer to stage 1	162,450	(64,611)	(97,839)	**-**
Transfer to stage 2	(157,333)	212,113	(54,780)	**-**
Transfer to stage 3	(21,341)	(94,356)	115,697	**-**
Internal debt increase	1,073,752	25,870	8,354	**1,107,976**
Reduction due to write-off	(222,193)	(78,127)	(584,428)	**(884,748)**
Fluctuations due to credit risk changes (net)	685,253	560,264	2,344,965	**3,590,482**
Reduction due to removal in the off-balance sheet items	(3,144)	-	(1,273,159)	**(1,276,303)**
Other adjustments	297	2	176	**475**
Balance at the end of period, 31 December	**3,063,815**	**819,325**	**3,933,866**	**7,817,006**

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Balance at the beginning and at the end of the period, migration stages

	Stage_1	Stage_2	Stage_3	TOTAL
Initial balance 2019	14,014	9,200	69,827	93,040
Stage of transfer 1	5,569	(5,292)	(277)	-
Stage of transfer 2	(314)	592	(278)	-
Stage of transfer 3	(21)	(370)	391	-
Internal debt increase	9,556	1,337	63	10,956
Reduction due to write-off	(4,584)	(1,917)	(5,324)	(11,826)
Net fluctuations due to credit risk changes	(7,012)	(1,066)	4,120	(3,959)
Reduction due to removal in the off-balance sheet items	-	-	(33,952)	(33,952)
Change in the model	(11,277)	(1,409)		(12,685)
Other adjustments	33	27	(187)	(127)
Balance at the end of period, 31 December	**5,963**	**1,103**	**34,382**	**41,447**

CORPORATE	Stage_1	Stage_2	Stage_3	TOTAL
Initial balance 2019	13,266	8,890	66,233	88,389
Stage of transfer 1	5,204	(5,187)	(17)	-
Stage of transfer 2	(288)	534	(246)	-
Stage of transfer 3	(3)	(230)	233	-
Internal debt increase	9,044	1,284	26	10,355
Reduction due to write-off	(4,444)	(1,850)	(4,693)	(10,987)
Fluctuations due to credit risk changes (net)	(6,515)	(1,149)	2,116	(5,547)
Reduction due to removal in the off-balance sheet items	-	-	(32,889)	(32,889)
Change in the model	(12,030)	(1,500)	-	(13,530)
Other adjustments	33	27	(190)	(130)
Balance at the end of period, 31 December	**4,268**	**820**	**30,573**	**35,661**

RETAIL	Stage_1	Stage_2	Stage_3	TOTAL
Initial balance 2019	748	310	3,594	4,652
Transfer to stage 1	365	(105)	(260)	-
Transfer to stage 2	(26)	58	(32)	-

Transfer to stage 3	(17)	(140)	158	-
Internal debt increase	511	3	37	551
Reduction due to write-off	(129)	(17)	(631)	(777)
Fluctuations due to credit risk changes (net)	(510)	83	2,003	1,576
Reduction due to removal in the off-balance sheet items	-	-	(1,063)	(1,063)
Change in the model	753	91	-	844
Other adjustments	(0)	-	3	3
Balance at the end of period, 31 December	**1,695**	**283**	**3,809**	**5,786**

Guarantees and other financial commitments of

In order to meet the customers' financial needs, the Bank assumes various commitments and contingent obligations. Although such obligations are not recognised in the balance sheet, they carry a credit risk and are hence a part of the general risk of the Bank. The total value of the contingent obligations (guarantees) as at 31 December 2020 is BGN 35,353 thousand (2019: BGN 34,658 thousand). As at 31 December 2020, the assumed financial and other commitments are in the total amount of BGN 43,575 thousand (2019: BGN 35,243 thousand).

Credit risk to other business sector

Credit risk is mainly the risk, in which borrowers, customers and other counterparties of the group will not be able to pay in full and in the usually envisaged time-limits the amounts owed by them under commercial and credit receivables. The latter are presented in the statement of financial position in a net amount, after deduction of the accrued impairments under doubtful or bad debts. Such impairments are made where and when there are events identifying loss from uncollectibility based on past experience.

Cash, including payment transactions, is limited to reputable banks and banks with good liquidity.

Provided loans

As at the date of each financial statement the Group determines whether the credit risk under the financial instruments has changed considerably against the initial recognition as it uses all the reasonably and supported information that is available without making excessive costs or efforts. When making this evaluation, the Group reviews the movement and/or restructurings of the instrument as well as objective external factors that may, in the opinion of the Group, have an impact on the receivables on an individual or collective level. In addition, the Company assesses whether there is a significant increase in credit risk when the contractual payments are overdue more than 30 days.

The groups considers a financial instrument to be a financial instrument in default when the contractual payments are more than 90 days overdue. However, in certain cases, a financial asset may be treated as one in default when internal or external information gives an indication that the Group is unlikely to receive the full amount of the outstanding sums under the contract, before taking into account any credit improvements held by it.

The applies a portfolio and individual approach to calculating the impairment for expected credit losses for provided credits. The group measures the credit risk by using the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD).

The group recognizes a provision for expected credit losses (ECL) for all debt instruments that are not reported at fair value through profit or loss. ECL are based on the difference between the agreed cash-flows owed under the conditions of the contracts and all cash-flows that the Group expects to receive discounted with approximation to the initial effective rate of interest. Expected cash flows include cash flows from the sale of the collateral held or other credit enhancements that form an integral part of the terms of the contract.

ECL are recognized in two stages. For credit exposures for which there is no significant increase in credit risk from the initial recognition, ECL are provisioned for credit losses that arise as a result of default events that are possible over the next 12 months (12-month ECL). For credit exposures for which there is a significant increase in credit risk from the initial recognition, a provision for loss is required in respect of the credit losses expected over the remaining exposure period, irrespective of the occurrence of the default (ECL over the duration of the instrument) .

49.4. Liquidity risk

The liquidity risk is expressed in the negative situation where the group is not able to meet unconditionally all of its obligations when they fall due.

It conducts a conservative liquidity management policy whereby it maintains all the time an optimal liquid stock of cash, good ability to finance its business activity, including by ensuring and maintaining adequate credit resources and facilities, permanent control monitoring of the factual and forecast cash-flows by future periods and maintenance of balance between the maturity borders of the assets and liabilities of the companies in the Group.

Liquidity risk of Moldindconbank SA

	Carrying amount	Gross value	Up to 1 months	From 1 to 3 months	From 3 months up to 1 year	From one to five years	Over five years	Uncertain maturity
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
31 December 2020								
Types of financial liabilities								
Balance liabilities								
Deposits with banks	367	367	367	-	-	-	-	-
Other loans	23,722	26,924	1,063	548	7,058	11,737	6,518	-
Leasing	10,092	10,092	-	-	1,864	8,228	-	-
Customer deposits	1,524,229	1,535,916	946,100	82,706	372,496	132,037	2,577	-
Other liabilities	30,155	30,155	-	-	-	-	-	30,155
	1,588,565	**1,603,454**	**947,530**	**83,254**	**381,418**	**152,002**	**9,095**	**30,155**
Off-balance sheet liabilities								
Liabilities under extended loans and issued guarantees	19,309	19,309	3,198	3,302	12,602	198	9	-
Types of financial assets								
Balance assets								
Cash and balances with the National Bank	447,199	447,579	447,579	-	-	-	-	-
Current accounts and bank deposits with banks	151,529	151,724	151,724	-	-	-	-	-
Debt instruments – at amortised cost	449,791	465,746	108,201	61,963	284,903	10,679	-	-
Loans to customers	738,626	1,000,936	31,300	50,082	215,517	465,939	225,125	12,973
Mandatory reserves	130,621	130,772	130,772	-	-	-	-	-
Capital instruments at fair value through other comprehensive income	2,294	2,033	133	295	843	578	184	-
Other assets	14,538	15,839	8,584	2	5,192	458	448	1,155
	1,934,598	**2,214,629**	**878,293**	**112,342**	**506,455**	**477,654**	**225,757**	**14,128**

	Carrying amount	Gross value	Up to 1 month	From 1 to 3 months	From 3 to 1 years	From 1 to 5 years	Over 5 years	Uncertain maturity
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
31 December 2019								
Types of financial liabilities								
Deposits with banks	337	376	326	50	-	-	-	-
Other loans	31,310	33,902	871	685	9,987	16,048	6,311	-
Customer deposits	1,430,536	1,442,547	797,978	95,417	430,078	116,417	2,657	-
Other liabilities	37,873	37,873	8,430	4,215	4,173	354	-	20,701
	1,500,056	**1,514,698**	**807,605**	**100,367**	**444,238**	**132,819**	**8,968**	**20,701**
Off-balance sheet liabilities								
Liabilities under extended loans and issued guarantees	20,519	20,519	7,785	-	-	-	-	-
Types of financial assets								
Cash and balances with the National Bank	535,522	535,997	535,997	-	-	-	-	-
Current accounts and bank deposits with banks	20,856	21,378	21,378	-	-	-	-	-
Debt instruments – at amortised cost	287,547	298,274	92,161	37,415	148,562	20,136	-	-
Loans to customers	894,198	1,126,499	98,732	101,301	207,798	484,050	215,429	19,189
Mandatory reserves	73,295	73,379	73,379	-	-	-	-	-
Capital instruments at fair value through other comprehensive income (2017: available for sale)	2,234	1,996	94	373	830	501	-	198
	1,813,652	**2,057,523**	**821,741**	**139,089**	**357,190**	**504,687**	**215,429**	**19,387**

Maturity analysis of the financial assets and liabilities from other business operations

31 December 2020	*Having no maturity*	Up to 1 month	from 1 to 3 months	from 3 to 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 5 y	over 5 years	Total
		BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Financial assets at fair value through profit and loss	8450	1	7	381	-	-	2,245	4,993	**16,077**
Loans and receivables		2,881	1,830	2,302	2,681	216	9		**9,919**
Cash and cash equivalents	13,137								**13,137**
Total assets	**21,587**	**2,882**	**1,837**	**2,683**	**2,681**	**216**	**2,254**	**4,993**	**39,133**
Bank loans		230	559	3,683	14,995	11,304	20,004	7,627	**58,402**
Other loans and debts			20,947		22,009	76,441			**119,397**
Liabilities on leasing		427	890	1,255	2,198	3,828	11,843	3,958	**24,399**
Total liabilities		**657**	**22,396**	**4,938**	**39,202**	**91,573**	**31,847**	**11,585**	**202,198**

31 December 2019	*Having no maturity*	Up to 1 month	from 1 to 3 months	from 3 to 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 5 y	over 5 years	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Financial assets at fair value through profit and loss	12,137	777	384						**13,298**
Financial assets at amortised cost		1,169	504	1,859			430	531	**4,493**
Loans and receivables		2,788	1,988	1,707	4,987	1,036	83		**12,589**
Cash and cash equivalents	8,622								**8,622**
Total assets	**20,759**	**4,734**	**2,876**	**3,566**	**4,987**	**1,036**	**513**	**531**	**39,002**
Bank loans		306	3,491	1,469	3,138	5,151	9,736	263	**23,554**
Other loans and debts					56,387	96,277			**152,664**
Liabilities on financial leases					235	630			**865**
Liabilities on operating leases					5,145	13,158			**18,303**
Total liabilities		**306**	**3,491**	**1,469**	**64,905**	**115,216**	**9,736**	**263**	**195,386**

Risk of interest-bearing cash flows

Interest risk from bank operations

31 December 2020	**Carrying amount**	**Up to 3 months**	**3–6 months**	**6–12 months**	**1–5 years**	**Over 5 years**	**Uncertain maturity**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**	**BGN'000**	**BGN'000**	**BGN'000**
Cash and balances with the National Bank	447,199	272,702	-	-	-	-	174,496
Mandatory reserves	130,621	109,080	-	-	-	-	21,542
Current accounts and bank deposits with banks	151,529	140,989	-	-	-	-	10,540
Capital instruments at fair value through other comprehensive income	2,294	771	701	281	-	-	541
Debt instruments – at amortised cost	449,791	177,376	133,542	138,873	-	-	-
Loans to customers	738,626	708,757	7,257	1,300	6,424	4,980	9,908
	1,920,060	**1,409,675**	**141,500**	**140,454**	**6,424**	**4,980**	**217,027**
Deposits with banks	(367)	(33)	-	-	-	-	(334)
Other loans	(23,722)	(9,589)	(7,008)	(883)	(4,744)	(1,437)	(60)
Leasing	(10,092)	-	(1,479)	-	(4,306)	(4,306)	-
Customer deposits	(1,524,229)	(866,299)	(44,042)	(100,311)	(141)	-	(513,437)
Other liabilities	(30,155)	(30,155)	-	-	-	-	-
	(1,588,565)	**(906,076)**	**(52,530)**	**(101,194)**	**(9,191)**	**(5,743)**	**(513,831)**

31 December 2019	**Carrying amount**	**Up to 3 months**	**3–6 months**	**6–12 months**	**1–5 years**	**Over 5 years**	**maturity**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**	**BGN'000**	**BGN'000**	**BGN'000**
Cash and balances with the National Bank	535,522	350,029	-	-	-	-	185,493

Mandatory reserves	73,295	51,738	-	-	-	-	21,557
Current accounts and bank deposits with banks	20,856	7,335	-	-	-	-	13,521
Capital instruments at fair value through other comprehensive income (2017: available for sale)	2,234	759	654	289	-	-	532
Debt instruments – at amortised cost	287,547	159,710	78,939	48,898	-	-	-
Loans to customers	894,198	846,287	14,580	6,104	9,201	7,426	10,600
	1,813,652	**1,415,858**	**94,173**	**55,291**	**9,201**	**7,426**	**231,703**
Deposits with banks	(337)	(39)	-	-	-	-	(298)
Other loans	(31,310)	(7,267)	(15,578)	(357)	(2,617)	(5,247)	(244)
Customer deposits	(1,430,536)	(849,118)	(48,884)	(114,821)	(0)	-	(417,714)
	(1,462,184)	**(856,424)**	**(64,462)**	**(115,178)**	**(2,617)**	**(5,247)**	**(418,256)**
Net	**351,468**	**559,434**	**29,712**	**(59,888)**	**6,585**	**2,179**	**(186,554)**

Interest risk from banking operations

31 December 2020

	Interest-free	**floating interest %**	**fixed interest %**	**Total**

	BGN '000	BGN '000	BGN '000	BGN '000
Capital investments	8,447		7,630	16,077
Loans and receivables	8,726		1,193	9,919
Cash and cash equivalents	11,496		1,641	13,137
Total financial assets	**28,669**	**-**	**10,464**	**39,133**
Bank loans		12,499	45,903	58,402
Other loans and debts	33,978		85,419	119,397
Liabilities on leasing		2,068	22,331	24,399
Total financial liabilities	**33,978**	**14,567**	**153,653**	**202,198**

31 December 2019

	Interest-free	floating interest %	fixed interest %	Total
	BGN '000	BGN '000	BGN '000	BGN '000
Financial assets at fair value through profit and loss	12,137		1,161	13,298
Financial assets at amortised cost			4,493	4,493
Loans and receivables	9,630		2,959	12,589
Cash and cash equivalents	7,680		942	8,622
Total financial assets	**29,447**	**-**	**9,555**	**39,002**
Bank loans		15,718	7,836	23,554
Other loans and debts	27,139		125,525	152,664
Liabilities on financial leases		865		865
Liabilities on operating leases			18,303	18,303
Total financial liabilities	**27,139**	**16,583**	**151,664**	**195,386**

Insurance risk management

The main insurance activity is assumption of the risk of loss by persons and organizations that are direct subjects of the risk, as well as financial and other risks ensuing from an insured event. The activity is exposed to uncertainty related to the time and amount of the indemnifications under contracts, as well as to market risk in the part representing investment activity. The restriction of the insured risk is carried out through management of the insurance contracts by limits, methods of pricing and monitoring of the health insurance activity.

Investments in financial assets aim at decreasing the market and financial risk under the insurance activity.

Financial risk arises in relation to the investments made in financial instruments, which may bring about additional financial risks, such as market risk, credit risk and liquidity risk. This requires balance of the approach in the selection of financial instruments for investing.

Capital risk management

With the capital management the group aims at creating and maintaining possibilities to continue functioning as a group of operating enterprises and to ensure the respective return on the invested funds to the shareholders, economic benefits to the other interested parties and participants in its business, as well as to keep optimal capital structure in order to reduce the capital expenditures.

The parent company monitors on an on-going basis the certainty and structure of the capital on the basis of the indebtedness ratio. This ratio is calculated between the net debt capital and the total amount of the capital. The net debt capital is determined as the difference between the interest-bearing attracted funds (short-term and long-term) as they are specified in the statement of financial position and the cash and cash equivalents. The total amount of capital is equal to equity and net debt capital.

The table below presents the indebtedness ratios on the basis of the capital structure as at the date of the respective financial statement:

	31 December 20 20	***31 December 20 19***

	BGN '000	***BGN '000***
Total debt capital, incl.:	***1,724,049***	***1,636,227***
Bank customer deposits	*1,524,229*	*1,430,536*
Funds borrowed by the bank from other financial institutions	*23,722*	*31,310*
Liabilities of trade companies under bank loans	*58,402*	*23,554*
Liabilities to related entities	*77,695*	*109,655*
Liabilities under share purchase agreements	*2,151*	*4,304*
Commercial liabilities	*19,839*	*19,267*
Liabilities on trade loans	*18,011*	*17,601*
Reduced by cash and cash equivalent	*(742,486)*	*(638,295)*
Net debt capital	***981,563***	***997,932***
Total equity	***249,912***	***253,218***
Total equity	***1,231,475***	***1,251,150***
Debt Ratio	***79.71%***	***79.76%***

Fair values

The Group determines fair value under IFRS 13 using the following hierarchy that reflects the significance of the factors used to determine fair value:

- Level 1: quoted prices (non-adjusted) in active markets for similar assets or liabilities;
- Level 2: inputs other than quoted prices included in level 1 that can be found for the asset or liability either directly (i.e. as quotes) or indirectly (i.e. derived from quotes);
- Level 3: inputs on the asset or liability that is not based on available market information (unavailable inputs).

The table below is an analysis of the financial instruments measured at fair value using the valuation methods used.

The table below is an analysis of the financial instruments measured at fair value using the valuation methods used.

31 December 2020	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets	***BGN '000***	***BGN '000***	***BGN '000***	***BGN '000***	***BGN '000***
Financial assets at fair value through profit or loss	**8,828**	**6,107**	**6,107**		**-**
Unquoted equity investment	*2,721*	-	-	-	-

Quoted equity investment	*6,107*	*6,107*	*6,107*	-	-
Financial assets at amortised cost, incl.	**1,207,880**	**1,207,880**	**457,041**	**2,294**	**748,545**
Financial assets at amortized cost (debt instruments)	*457,041*	*457,041*	*457,041*		
Financial assets at fair value in other comprehensive income	*2,294*	*2,294*		*2,294*	
Loans to bank customers	*738,626*	*738,626*			*738,626*
Related parties receivables	*731*	*731*	-	-	*731*
Receivables from customers and suppliers	*2,673*	*2,673*			*2,673*
Receivables under insurance contracts	*4,412*	*4,412*			*4,412*
Receivables from sale of shares	*736*	*736*			*736*
Other receivables	*1,367*	*1,367*			*1,367*
Cash and cash equivalents	**742,486**	**742,486**		-	**742,486**
Total assets	**1,959,194**	**1,956,473**	**463,148**	**2,294**	**1,491,031**
Financial liabilities					
Financial liabilities at amortised cost, incl.					
Bank customer deposits	*1,524,229*	*1,524,229*			*1,524,229*
Funds borrowed by the bank from other financial institutions	*23,722*	*23,722*			*23,722*
Liabilities to related entities	*77,695*	*77,695*	-	-	*77,695*
Commercial liabilities	*19,839*	*19,839*	-	-	*19,839*
Liabilities on trade loans	*18,011*	*18,011*			*18,011*
Liabilities under acquired shares	*2,151*	*2,151*	-	-	*2,151*
Liabilities under insurance contracts	*576*	*576*	-	-	*576*
Other liabilities	*31,647*	*31,647*	-	-	*31,647*
Liabilities on leasing	*34,491*	*34,491*	-	*34,491*	
Liabilities under bank loans	*58,402*	*58,402*	-	-	*58,402*
Total financial liabilities at amortised cost	**1,790,763**	**1,790,763**	**-**	**34,491**	**1,756,272**

31 December 2019	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets	***BGN '000***	***BGN '000***	***BGN '000***	***BGN '000***	***BGN '000***
Financial assets at fair value through profit or loss	**13,298**	**10,576**	**10,576**		**-**
Unquoted equity investment	*2,722*	-	-	-	-
Quoted equity investment	*10,576*	*10,576*	*10,576*	-	-
Financial assets at amortised cost, incl.	**1,201,061**	**1,201,061**	**292,040**	**2,234**	**906,787**
Financial assets at amortized cost (debt instruments)	*292,040*	*292,040*	*292,040*		
Financial assets at fair value in other comprehensive income	*2,234*	*2,234*		*2,234*	

Loans to bank customers	*894,198*	*894,198*			*894,198*
Related parties receivables	*1,119*	*1,119*	-	-	*1,119*
Receivables from customers and suppliers	*2,743*	*2,743*			*2,743*
Receivables under insurance contracts	*5,487*	*5,487*			*5,487*
Receivables from sale of shares	*1,451*	*1,451*			*1,451*
Other receivables	*1,789*	*1,789*			*1,789*
Cash and cash equivalents	**638,295**	**638,295**		-	**638,295**
Total assets	**1,852,654**	**1,849,932**	**302,616**	**2,234**	**1,545,082**
Financial liabilities					
Financial liabilities at amortised cost, incl.					
Bank customer deposits	*1,430,536*	*1,430,536*			*1,430,536*
Funds borrowed by the bank from other financial institutions	*31,310*	*31,310*			*31,310*
Liabilities to related entities	*109,655*	*109,655*	-	-	*109,655*
Commercial liabilities	*19,267*	*19,267*	-	-	*19,267*
Liabilities on trade loans	*17,601*	*17,601*			*17,601*
Liabilities under acquired shares	*4,304*	*4,304*	-	-	*4,304*
Liabilities under insurance contracts	*557*	*557*	-	-	*557*
Other liabilities	*31,308*	*31,308*	-	-	*31,308*
Liabilities on leasing	*27,350*	*27,350*	-	*27,350*	
Liabilities under bank loans	*23,554*	*23,554*	-	-	*23,554*
Total financial liabilities at amortised cost	**1,695,442**	**1,695,442**	**-**	**27,350**	**1,668,092**

50. SEGMENT BASED REPORTING

The management determines the operating segments on the basis of the main products and services provided by the Group:
The segment revenue and expenses for 2020 include:

31 December 2020	Banking sector	Insur-ance sector	Trade in 'do it yourself' goods	Non-financial companies performing financial services	Medical services	Produc-tion of detergents	Other	Total	Consolidation	Group
Operating revenue	155,078	17,332	102,945	172	17,875	3,131	7,486	**304,019**	2,603	301,416
I. Operating expenses	(44,946)	(12,735)	(73,576)	(1)	(3,683)	(2,539)	(4,923)	**(142,403)**	(736)	(141,667)
Net operating income	**110,132**	**4,597**	**29,369**	**171**	**14,192**	**592**	**2,563**	**161,616**	***1,867***	**159,749**
Operating and administrative expenses	(53,198)	(2,152)	(21,792)	(3,801)	(12,428)	(2,495)	(2,725)	**(98,591)**	(1,818)	(96,773)
Other financial reve-nue/expenses, net		(105)	(1,181)	4,277	(140)	(490)	(190)	**2,171**	7,460	(5,289)
Depreciation and amortization	(16,058)	(344)	(6,772)	(768)	(1,768)	(453)	(740)	**(26,903)**	(44)	(26,859)
Other income and losses, net	664		1,986	(11)	446	19	(35)	**3,069**		3,069
Operating profit	**41,540**	**1,996**	**1,610**	**(132)**	**302**	**(2,827)**	**(1,127)**	**41,362**	**7,465**	33,897
Profit from the acquisition and disposal of subsidiaries								(63)		(63)
Profit / loss before tax								**33,834**		**33,834**
Profit taxes								(3,860)		(3,860)
Profit/loss from continuing businesses								**29,974**		**29,974**
Profit/loss from ceased opera-tions								3		3
Net profit/(loss) for the year								**29,977**		**29,977**
Profit/loss from associates										
Net profit/(loss) for the year								**29,977**		**29,977**

Asset and liability segments at 31 December 2020 include:

The segment revenue and expenses for 2019 include:

2019	Banking sector	Insurance sector	Trade in 'do it yourself' goods	Non-financial companies performing financial services	Medical services	Detergents and household chemicals	Other	Total
Operating revenue (external)	24,907	17,867	102,217	13	15,971	2,095	10,926	173,996
I. Operating expenses	(4,441)	(13,927)	(73,252)		(3,894)	(2,036)	(7,156)	(104,706)
Net operating income	***20,466***	***3,940***	***28,965***	***13***	***12,077***	***59***	***3,770***	***69,290***
Operating and administrative expenses	(5,860)	(2,309)	(20,143)	(2,297)	(10,995)	(2,223)	(4,937)	(48,764)
Other financial revenue/expenses, net		(1,631)	(930)	734	(93)	(294)	(254)	(2,468)
Depreciation and amortization	(968)	(360)	(6,651)	(333)	(1,715)	(564)	(877)	(11,468)
Other income and losses, net			1,600	83	32	50	830	2,595
Operating profit	**13,638**	**(360)**	**2,841**	**(1,800)**	**(694)**	**(2,972)**	**(1,468)**	**9,185**
Profit from the acquisition and disposal of subsidiaries								175,935
Profit / loss before tax								**185,120**
Profit taxes								(5,258)
Profit/loss from continuing businesses								**179,862**
Profit/loss from ceased operations								4
Net profit/(loss) for the year								**179,866**
Profit/loss from associates								(52)
Net profit/(loss) for the year								**179,814**

Asset and liability segments at 31 December 2019 include:

31 December 2019	Banking sector	Insurance sector	Trade in 'do it yourself' goods	Non-financial companies performing financial services	Medical services	Production of detergents	Other	Total

Property, plant and equipment	28,176	50	48,795	2,520	10,682	6,164	11,647	108,034
Assets with right of use	9,170	3,150	10,492	2,002	1,368	638	301	27,121
Investment properties		67		1,241			12,602	13,910
Financial assets	289,781	13,772	9	793			3,217	307,572
Loans to bank customers	894,198							894,198
Trade receivables/Receivables under insurance contracts		5,487	1,063	316	929	81	6,555	14,431
Inventories			27,347	34	588	2,955	4,833	35,757
Cash and cash equivalents	629,673	3,046	1,374	2,240	598	4	1,360	638,295
Assets of the segment	**1,850,998**	**25,572**	**89,080**	**9,146**	**14,165**	**9,842**	**40,515**	**2,039,318**
Retained assets								65,052
Total assets								**2,104,370**
Customer deposits	1,430,536							1,430,536
Funds borrowed by the bank from other financial institutions	31,310							31,310
Liabilities to related parties				102,243			7,412	109,655
Liabilities of trade companies to financial institutions			15,540		1,984	4,661	1,369	23,554
Liabilities to suppliers and clients					423	222	18,622	19,267
Liabilities under trade loans received				17,359			242	17,601
Liabilities on leasing	8,182	3,217	11,145	2,136	1,390	653	627	27,350
Other specific liabilities to banks	69,366							69,366
Liabilities of the segment	**1,539,394**	**3,217**	**26,685**	**121,738**	**3,797**	**5,536**	**28,272**	**1,728,639**
Retained liabilities								20,966
Total liabilities								**1,749,605**

51. ADDITIONAL DISCLOSURES

Analysis of the effect of the COVID 19 pandemic on the financial results in the Doverie group and state support measures used.

In 2019 the consolidated revenue reached BGN 149 million (excl. revenue from Moldindconbank), which is a 7 % increase compared to the preceding year.

The leading business lines in the c consolidated revenue are Hospital and medical aid, 'Do it Yourself' stores, Construction, Insurance and Medical services and Wine production.

The next table presents the revenue broken down by companies as at 31 December 2020.

Revenue	31 December 2020	31 December 2019	Growth
	000 BGN	000 BGN	%
Doverie Brico AD	102,945	102,225	0.70%
Multiprofile Hospital for Active Treatment Doverie AD	11,775	12,438	-5.33%
MC Doverie AD	5,484	5,211	2.60%
United Health Insurance Fund Doverie AD	16,423	16,007	2.60%
Insurance Company Medico 21 AD	909	2,072	-56.13%
Bulgarian wine OOD	2,821	2,517	12.08%
Novoselska Gamza AD	314	285	10.18%
Hydroizomat AD	1,512	5,589	-72.95%
Doverie Care EAD	3,131	2,095	49.45%
Bilyana Triko AD	306	363	-15.70%
Dunav AD	2,529	1,710	47.89%
Occupational Health Doverie EOOD	423	403	4.96%
	,	,	
Total	**148,572**	**150,915**	**-1.55%**

As evident from the presented data, the pandemic had a certain impact, as the decrease of the revenue on a comparable basis against 2019 is almost 1.55 %.

In five of the subsidiaries there is a decrease of the revenue, as in Multiprofile hospital for active treatment Doverie AD (limited scheduled admission and operations) and Bilyana Triko AD (reduced rent of the assets leased out to the operator of the knitwear production) this decrease is due to the pandemic.

In Insurance Company Medico 21 the decrease is due to factors outsider the pandemic related to the management - predominantly loss of clients.

In Hydroizomat AD the decrease is due to the dynamics in the residential construction business.

In relation to the pandemic, a part of the companies used the state measures related to supporting the business and employment.

Doverie Brico AD (Mr. Bricolage) – the company reported initial decrease in revenue in relation to the emergency measures of 13 March 2020 as a the first half of 2020. Only one shop was closed in this first lock-down. The other shops continued operation although subject to restrictive measures. Subsequently, in the summer and as at the end of October 2020, the company managed to restore the revenue and reported an increase of almost 1%. The new lock-down of 27 November 2020 again restricted the company's activity but we have - in general for 2020 - an increase in revenue compared to 2019.

Doverie – Brico AD used the 60/40 measure on the grounds of a decrease in the revenue from sales.

One of the shops of the company positioned in a mall type business centre discontinued its activity in the period from 14 March 2020 to 17 May 2020.

In this relation, compensations are received for March, April and May in the total amount of BGN 93,707.75, including BGN 78,735.39 for remunerations and BGN 14,972.36 for social insurance payments for employees on leave or idle employees (for the closed shop).

From 28 November 2020 to 21 December 2020 the shop located in Sofia South Ring Mall is closed again. The indemnification under the 60/40 measure is BGN 15 thousand.

Initially, a six-month grace period was agreed for the payments under the principal of the long-term bank credit in relation to the pandemic. The grace period covered the months from April to September 2020, inclusive. An extension of the term of the loan by six months was agreed, respectively.

However, subsequently, the company made use of an agreed option for early repayment of the principal deferred in relation to COVID 19. The early repayment was made on 2 October 2020. The initial term of the contract was also restored.

United Health Insurance Fund Doverie AD – at this time no business disturbance is observed, as the company even reports an increase in its revenue. The company has not made use of options for supporting of the business by the state.

Medico 21 AD - the company reports a decrease in revenue as the reason is beyond the extraordinary measures. Two big contracts are lost. A contract is lost with Sopharma AD (EUR 360 thousand) transferred to the other group company United Health Insurance Fund Doverie AD and a contract with Eurobank AD (EUR 200 thousand) won by a third insurer A loss in the health insurances is also reported along the line of the Russian tourists for summer 2020. The company has not made use of options for supporting of the business by the state.

Multiprofile hospital for active treatment Doverie AD and Medical Centre Doverie AD – the companies report minimal decrease in revenue as the reason is in the imposed emergency measures of 13 March 2020. A

key business is affected related to the cancellation of all scheduled operations, prophylactic examinations, advising of pregnant women and of children.

Multiprofile hospital for active treatment Doverie AD entered into a Contract on **19 November 2020** for the financing under project BG05M9OP001-1.099-0001 'Support for healthcare workers in the conditions of a threat for the public health posed by COVID-19'

The key project activities are related to increasing the motivation and possibilities for protection from the disease by payment of additional remunerations and by provision of personal protective equipment to medical and non-medical employees who are the first the face the challenges of the pandemic crisis related to the spreading of COVID-19.

The key contract parameters are:

1. The maximum admissible financial resource, by which the additional remunerations can be paid on the part of the medical institutions (1- 5 patients – an advance amounting to BGN 1,537 gross remuneration and social insurance on account of the employer x maximum 40 medical and non-medical staff – BGN 61,480; 6- 10 patients – an advance amounting to BGN 1,537 gross remuneration and social insurance on account of the employer x maximum 70 medical and non-medical staff BGN 107,590; 11-50 patients – an advance amounting to BGN 1,537 gross remuneration and social insurance on account of the employer x maximum 100 medical and non-medical staff BGN 153,700, 51 and more patients – an advance amounting to BGN 1,537 gross remuneration and social insurance on account of the employer x maximum 200 medical and non-medical staff BGN 307,400).

2. With the received funds, the medical institutions are supposed to pay additional labour remunerations in accordance with the Labour Code on the grounds of Article 13, Paragraph 1, Subparagraph 4 of the Ordinance on the Structure and Organisation of the Salary for March 2020, analogically for the next months too to the persons forming the medical and non-medical staff who performed directly the activities relating to monitoring, diagnostics and treatment of patients proven to suffer Coronavirus. The amount of the funds paid by the medical institutions is supposed to include the gross additional remuneration and the social-insurance contributions on account of the employer, for every month of the persons in the medical institution, which are in line with the requirements, so that the net additional remuneration that must be received by each of the persons is BGN 1,000, in accordance with the national legislation. The maximum number of staff that may receive additional remuneration from the medial institution depends on the accommodated patients proven to suffer Coronavirus, as follows:

- up to 5, incl., hospitalised patients proven to suffer Coronavirus in the reporting calendar month – up to 40 persons medical and non-medical staff;

- from 6 to 10, incl., hospitalised patients proven to suffer Coronavirus in the reporting calendar month – up to 70 persons medical and non-medical staff;

- from 11 to 50, incl., hospitalised patients proven to suffer Coronavirus in the reporting calendar month – up to 100 persons medical and non-medical staff;

- 51 are more hospitalised patients proven to suffer Coronavirus in the reporting calendar month – up to 200 persons medical and non-medical staff.

Multiprofile hospital for active treatment Doverie AD received the first advance payment in December 2020 on the basis of hospitalised patients proven to suffer Coronavirus in November 2020. As regards the number of hospitalised patients, Multiprofile hospital for active treatment Doverie AD was in the range from 11 to 50 hospitalised patients proven to suffer Coronavirus and received financing – for no more than 100 medical and non-medical employees – BGN 1,537 per each employed person, or a total financial resource payable by the Ministry of Health in December 2020 in the amount of BGN 153,700.00.

Multiprofile hospital for active treatment Doverie AD opened a new structure with 10 beds for non-complicated cases and 2 intensive beds for treatment of patients proven to suffer Coronavirus, counted from 26 October 2020, in relation to Order No.РД-01-690 of 19 October 2020 of the Capital (Sofia) Regional Health Inspectorate.

The revenues from the new department in the last months of 2020 largely make up for the slow-down of the revenues from the other departments in the previous months of the year.

In relation to the COVID-19 pandemic the possibility is also used to defer principals under investment credits to the servicing bank Eurobank Bulgaria AD, as follows:

- **Multiprofile hospital for active treatment Doverie AD** for a period of 4 months: March, April, May and June 2020 only the agreed regular credit interest is repaid (the repayment of a principal amounting to BGN 62,586.00 x 4 months = **BGN 250,344.00** is deferred);
- **Medical Centre Doverie AD** for a period of 6 months: March, April, May, June, July and August 2020 only the agreed regular credit interest is repaid (the repayment of a principal amounting to BGN 10,000.00 x 6 months = **BGN 60,000.00** is deferred).

Hydroizomat AD, Danube AD: - the companies are specialised in the field of construction and froze their construction activities in the first lock-down of the economy in March. After the cancellation of the measures in the summer and in the autumn, the companies quickly resumed work on the launched construction sites and an increase in revenues is reported on the basis of the previous year.

Hydroizomat AD received compensations in accordance with the procedure of Article 1, Paragraph 2 of Decree of the Council of Ministers 55/30 March 2020 (measure 60/40 for 8 employees in the company) for the period from 16 March 2020 to 13 May 2020 in the amount of BGN 16,760.79.

Danube AD has not made use of options for supporting of the business by the state.

Bulgarian wine OOD and Novoselska Gamza AD – for the first quarter of 2020 the revenue is comparable to the revenue in 2019**.**The companies report a decrease in revenue for the second half of March 2020, as the

reason is the occurrence of the emergency measures of 13 March 2020. Due the closing mostly of restaurants and specialised retail traders, the sales of bottled wines decrease most of all. There is a lower decrease in the sales of wines on tap. The companies turned to online sales and gradually restored their sales in the third and fourth quarter of 2020, which is also the peak season in this industry.

As at the end of 2020 Bulgarian wine EOOD reported an increase on an annual base.

Novoselska Gamza AD also makes a minimum growth of the sales on an annual basis. When comparing the total revenues (the table) it should be borne in mind that in 2019 we have an extraordinary revenue from the sale of fixed tangible assets (land and a building of the old winery) in the total amount of EUR 200,000.

The company made use of two additional measures for subsidies along the line of the State Fund Agriculture.

BG Wine – De Minimis measure – BGN 8,962.5 and Measure 21 – BGN 9,000. – a total of BGN 17,962.5.

Novoselska Gamza – De Minimis measure – BGN 6,360 and Measure 21 – BGN 5,000. – a total of BGN 11,360.

Doverie Care AD - at this time no business disturbance is observed, as the company even reports an increase in its revenue. In relation to the crisis, two new products are developed - a surface sanitiser and a hand sanitiser. In view of its specialisation in the production of detergents and cleaning preparations the company will benefit from the pandemic crisis. The company has not made use of options for supporting of the business by the state.

Occupational Health Doverie AD – at this time no business disturbance is observed, as the company even reports an increase in its revenue. The company has not made use of options for supporting of the business by the state.

Moldindcombank S.A.

As at 31 December 2020, Moldindconbank took part as a respondent in a number of cases arisen as a result from its operating activity. In the opinion of the management of the subsidiary, the legal department and the problem loan department, as well as external lawyers (with respect to court cases, in which the interests of the bank are presented), the probability of a loss under these cases as at the reference date is not big.

52. EVENTS AFTER THE DATE OF THE REPORTING PERIOD (THE BALANCE SHEET DATE)

Doverie – United Holding AD

At its session on 09 March 2021, the Management Board of Doverie – United Holding AD made a decision to increase the capital of the Company under the conditions of Article 196, Paragraph 1 and Article 194, Paragraph 1 of the Commercial Act, Article 112 et seq. of the Public Offering of Securities Act, from

BGN 18,736,099, dividing into 18,736,099 ordinary registered book-entry shares, each entitling to one vote and par value of BGN 1 each, to BGN 21,500,000, by the issue of new 2,763,901 book-entry shares entitled to one vote and with par value of BGN 1 and an issued value of BGN 4.20 per share. The capital increase will be made under the conditions of public offering of the newly issued shares.

The Company's capital will be increase only if at least 1,381,951 shares having a par value of BGN 1 and issued value of BGN 4.20 each are subscribed in paid, in which case the Company's capital will only be increased by the value of the subscribed and paid shares.

In relation to the ongoing global Covid-19 pandemic, the period of the emergency epidemic situation in Bulgaria was extended by Resolution No.72 of 26 January 2021 of the Council of Ministers until 30 April 2021.

By minutes from a session of the Superviosry Board of Doverie – United Holding AD of 30 March 2021, the members of the Supervisory Board release from liability as a member of the Management Board Mina Tencheva Nikolova – Angelova and elect as a member of the Management Board Hristo Georgiev Hristov. The resolution is promulgated in the Registry Agency on 12 April 2021.

Moldindcombank S.A.

a) Resignation of the deputy chairperson

On 10 February 2021 the resignation of Mrs Penka Kratunkova, deputy chairperson of the Management Committee was accepted.

B) Compliance with the legal framework

At present, the Bank is in a process of revising of the internal regulatory framework in order to comply with the provisions of BASEL III and the CRD IV package in the field of liquidity management by the application from 1 January 2021 of the liquidity cover requirements (LCR) and in the field of disclosure of information in line with the legal framework approved by the National Bank of Moldova, as well as the application in 2021 of the ILAAP (Internal Liquidity Adequacy Assessment Process).

c) COVID-19 impact

In January 2021 the emergency national public health commission approved the National Immunisation Plan against COVID-19, which includes a joint vaccination plant for the population. Besides, the Parliament declared by Decision No.49 as at 31 March 2021 an emergency situation on the entire territory of the Republic of Moldova for the period 1 April – 30 May 2021. This resolution will not have a considerable impact on the business of the Bank.

It must be noted that since the start of the year the number of the infected with the Covid-19 viruses in Moldova increased compared to the last months of 2020. The Bank's management actively monitors the development of the events and is ready to take all the required measures for the maintaining the activity of the bank, defence of the employees and respect for the interests of clients and shareholders.

At present, the Bank is in a process of revising of the internal regulatory framework in order to comply with the provisions of BASEL III and the CRD IV package in the field of liquidity management by the application from 1 January 2021 of the liquidity cover requirements (LCR) and in the field of disclosure of information in line with the legal framework approved by the National Bank of Moldova, as well as the application in 2021 of the ILAAP (Internal Liquidity Adequacy Assessment Process).

MC Doverie AD On 2 February 2021 the deregistration as a trader of SPECIALIZED MEDICAL AID AMBULATORY - MEDICAL CENTRE SOFIA 2000 EOOD, uniform identification code 130077092 is registered in the Commercial Register and Register of Non-Profit Legal Entities due to its conversion by merger into MEDICAL CENTRE – DOVERIE AD, uniform identification code 131447502.

Doverie Brico AD

On 13 January 2021 an annex is entered into to the lease agreement for the Sofia 3 outlet, whereby a discount is agreed upon in the amount of the base rent for the period from 28 November 2020 until the removal of the restrictions for visits of clients to the business centres of a Mall type, in relation to the negative consequences from the COVID-19 pandemic. By an annex of February, the deadline of the rent contract is extended by further four months.

At the end of February 2021 the validity of the issued bank guarantee as a collateral under the Sofia 3 outlet lease agreement was extended until 31 March 2022.

In February 2021, the term of the short-term bank loan contract was extended by one year, with a maximum loan amount of EUR 4,500. A change is also agreed upon in the conditions for accumulation of interest on the credit debt, as follows: as regards amounts utilised in EUR, BGN or USD, the interest accrued on the debt will be, respectively, the one-month EURIBOR, the reference rate of interest of the bank or the one-month LIBOR, for the period of validity of the contract, plus 1.60 points annual margin, but no less than 1.60%.

At the end of February 2021 the validity of the issued bank guarantee as a collateral under the Sofia 3 outlet lease agreement was extended until 31 March 2022.

In March 2021 the validity of the bank guarantees issued as a collateral under the Sofia 1 and Varna outlet lease agreements was extended until 31 March 2022.

Pursuant to Order No.РД-01-173 of 18 March 2021 for the introduction of temporary anti-epidemiological measures on the territory of the Republic of Bulgaria of the Minister of Health issued in relation to Resolution No.72/26 January 2021 of the Council of Ministers of the Republic of Bulgaria for extension of the period of the emergency epidemiological situation on the territory of the Republic of Bulgaria, the Company was obligated to discontinue its commercial activity in all physical stores for the period from 22 March 2021 to 31 March 2021. Subsequently, the period of closing of the stores, in which external commercial areas can be separated, was extended until 11 April 2021 and as regards Sofia 3 outlet localised in a mall-type business centre – until 15 April 2021.

The Company applies for a grant under the "Save Me" project in relation to the closing of the outlets, for 250 employees in an unpaid leave for a total of 1,678 days in March 2021.

For the prevention of a possible negative impact and effects of the pandemic on the Company's activity and financial situation, the management has taken the following measures:

- for the period of closing of the outlets, external commercial zones are formed and arrangements are made for quick and quality servicing of the customers without letting them inside the outlets;
- rent decreases are agreed upon, as follows: no basic rent due for the closed Sofia 3 outlet situated in the mall-type business centre for January 2021; 50% decrease of the rents for the Sofia 1, Varna, Plevен, Plovdiv 2 and Stara Zagora outlets for the period of closing of the outlets, counted from 22 March 2021;
- The company applies also for an approval of a grant under the 'Save M' project for 17 employees of the Sofia 3 outlet for a total of 256 days in unpaid leave in January 2021. The project is financed by the European Social Fund under Operational Programme Human Resource Development and intends payment of compensations to employees on unpaid leave working in indoors outlets due to the restrictions imposed in relation to the COVID-19 pandemic. The grant is to be paid directly to the employees.
- agreements are reached to decrease the amount of the royalty due by 40% for the period from April to June 2021, as well as deferment of the payments due;

At a General Meeting of shareholders of Doverie – Brico AD conducted on 15 April 2021, a resolution was adopted to distribute a dividend in the amount of BGN 2,343 thousand.

Doverie Capital AD

On 12 January 2021 a preliminary contract is entered into for the purchase-and-sale of the entire package of shares held by Doverie-Capital AD in the capital of Novoselska Gamza AD for BGN 242 thousand. The parties undertake to enter into a final Share Purchase Agreement within up to 6 months but not earlier than 4 months from entry into of the preliminary contract.

On 14 January 2021 the buyer transferred the down-payment provided for in Article 7(2), letter A in the amount of BGN 76 thousand.

On 07 April 2021 an agreement to a preliminary contract is entered into for the purchase-and-sale of the entire package of shares held by Doverie-Capital AD in the capital of Novoselska Gamza AD. The parties agreed to terminate the preliminary contract by mutual consent.

On 09 April 2021, pursuant to Article 4 of the Agreement Doverie-Capital Act refunded to the buyer the earnest received in accordance with Article 7, Paragraph 2, point A in the amount of BGN 76 thousand.

On 14 April 2021 a general meeting of shareholders of Doverie-Brico AD was held, at which a resolutions was

adopted for the distribution of a dividend from the profit for 2020 in the amount of BGN 142 per share. Doverie-Capital AD holds 71.93% or 11,868 shares of the capital of the company and accrued dividend revenues in the amount of BGN 1,685 thousand.

Doverie Invest EAD

On 11 February 2021, a change was made by a decision of the sole owner of the capital in the composition of the Board of Directors. Penka Kratunova and Nikolay Borisov are released from office and Sasho Georgiev Penov and Herbert Stepic are elected in their place as members of the Board of Directors. The resolution is promulgated in the Commercial Register and Register of Non-Profit Legal Entities on 22 February 2021 by the Registry Agency.

On 29 March 2021 new 4,851 shares of issue MD14MICB1008 were purchased, whereby the interest in the capital of Doverie Invest EAD in Moldindconbak - Moldova increased by 0.10 % and is already 73.73%

Novoselska Gamza AD

Sale of the buildings and lands property of Novoselska Gamza AD, as well as of a part of the tangible fixed assets, for which a preliminary purchase-and-sale contract of 08 April 2021 is signed.

In relation to the ongoing global Covid-19 pandemic, described in Note 2.1.1. of the present financial statement, the period of the emergency epidemic situation in Bulgaria was extended by Resolution No 72 of 26 January 2021 of the Council of Ministers until 30 April 2021.

The annual consolidated financial statements ending on 31 December 2020. were approved for publication on 26 April 2021 by:

Anna Pavlova
Chairperson of the Management Board

Alexandar Hristov
Executive Director

Hristo Hristov
Member of the Management Board